

BUSINESS

BUSINESS INDICATOR



1. State whether you are married or single.
2. If you file to what?
3. Were you or wife or husband?
4. Is this a return of business income?
5. State the nature of the business.
6. If not, state the nature of the income.
7. How long has the business been in operation?
8. State the name of the business.

WEEK

9. State whether your books are kept on cash or accrual basis.
10. State principal occupation or profession accounting for salaries, wages, commissions, fees, etc., in Item 1.
11. Did you transfer to or receive from any person money or property in excess of \$5,000, during the calendar year 1935, without an adequate and full consideration in money or money's worth? (Answer "yes" or "no")
- If so, did you file a gift tax return on Form 709 or an information return on Form 710? (Answer "yes" or "no")

INCOME

Commissions, Fees, etc. (State name and address of employer)

Amount received

Expenses paid (Explain in Schedule F)

ATTACH REMITTANCE HERE

2. Net profit (or loss) from Business or Profession. (From Schedule A)
3. Interest on Bank Deposits, Notes, Corporations, etc.
4. Interest on Tax-free Covenant Bonds
5. Income (or loss) from Partnerships, Syndicates, etc.
6. Income from Fiduciaries. (Furnish name)
7. Rents and Royalties. (From Schedule B)
8. Capital Gain (or loss). (From Schedule C)
9. Taxable Interest on Liberty Bonds, etc.
10. Dividends on Stock of: (a) Domestic Corporations not exempt from tax (b) Domestic Corporations exempt from tax (c) Foreign Corporations.
11. Other Income. (State nature) (Use separate schedule)
12. TOTAL INCOME IN ITEMS 1 TO 11
13. Interest Paid. (Explain in Schedule F)
14. Taxes Paid. (Explain in Schedule F)
15. Losses by Fire, Storm, etc. (Explain in Schedule F)
16. Bad Debts (including bonds determined to be worthless)
17. Contributions. (Explain in Schedule F)
18. Other Deductions Authorized by Law. (Explain in Schedule F)
19. TOTAL DEDUCTIONS IN ITEMS 13 TO 18
20. NET INCOME (Item 12 minus Item 19)



TAX TIME—Henry Morgenthau (right) of the Treasury and Daniel Bell of the Budget Bureau prospect for new revenues against a painfully familiar background.

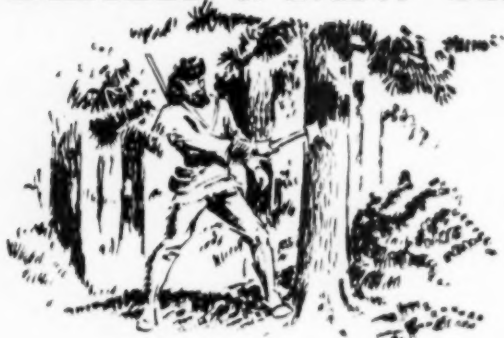
McGraw-Hill Publishing Company, Inc.

22. Less: Personal exemption
23. Credit for Dependents (Explain in Schedule F)
24. Balance (Surtax net income)
25. Less: Interest on Liberty bonds, etc. (Item 9)
26. Dividends. (Item 10 (a))

30. Surtax on Item 24.
31. Total tax (Item 29 plus Item 30)
32. Less: Income tax paid at source (2% of Item 4)
- 33.
34. Balance

UNIVERSITY OF MICHIGAN
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BLAZING NEW TRAILS TO PROFITS WITH



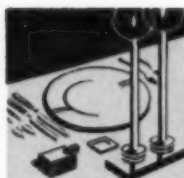
REPUBLIC ENDURO STAINLESS STEEL

*Licensed under Chemical Foundation
Patents Nos. 1316817 and 1339376.*



40,000 HOURS OF HEAT

More than six years of high heat, pressure and corrosive compounds couldn't cause failure in ENDURO cracking still tubes in oil refinery service. In fact, the tubes were in such good condition that they were re-installed.



THE ULTRA IN MODERN TABLE SERVICE

If milady seeks the unusual for her table, let her consider a service of ENDURO Stainless Steel. This lustrous, never-changing metal is now available in modern designs by prominent stylists. No tedious polishing.

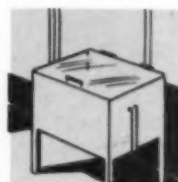
NOW... ENDURO WINDOW SILLS

Window sills that are light in weight, that never rust or tarnish and that last a lifetime are now being manufactured of ENDURO Stainless Steel of the low carbon 18-8 type by a New York fabricator. This remarkable metal works easily to any desired shape.



PHOTO-ENGRAVING a la ENDURO

Half-tones—those printing plates that make reproduction of photographs and paintings possible—are ordinarily etched in acid. Many modern engravers now use etching tanks made of or lined with ENDURO Stainless Steel. The acid has no effect on it.



WHERE SAFETY IS PARAMOUNT

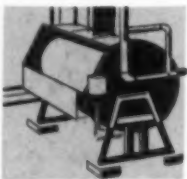
One of the highest honors was paid the safety and sanitation of ENDURO Stainless Steel when it was selected as the material for 26 open top tanks by one of the country's best known manufacturers of pharmaceuticals.



BRIGHTER SPOTS FOR ELBOW BENDING

If you've visited any one of a number of prominent cocktail bars, you've probably admired the beauty of ENDURO. It adds beauty to design—it's practical, stainproof and easily cleaned—and it is unaffected by corrosive cleaning or sterilizing compounds.

NO "OFF-SHADES" NOW
The textile industry gives a vote of thanks to ENDURO—for equipment of this marvelous metal now insures true colors in dyeing. Quick changes of dye colors and cleaning of vats are possible without danger of "off-shades." Equipment lasts longer.



IT'S TIME FOR ENDURO

When you want to add distinction to your product, to snap up its appearance, to increase sales, it's time to turn to ENDURO Stainless Steel, just as did the maker of this famous line of wrist and pocket watches.



For beauty, sanitation, corrosion-resistance, or heat-resistance—with high strength and long life—no matter what you make—consider ENDURO Stainless Steel, trail blazer to better products and bigger profits. Write for full information.

Republic Steel
CORPORATION



GENERAL OFFICES... CLEVELAND, OHIO
ALLOY STEEL DIVISION... MASSILLON, OHIO

When writing Republic Steel Corp. for further information, please address Department BW

BUSINESS WEEK

Washington Bulletin

WASHINGTON (Business Week Bureau)—Just over four hundred millions is still best bet on tax bill. Revolt in Congress against any taxes before election will not get anywhere. Neither will Treasury desire that nine hundred millions be minimum. Morgenthau and assistants would like not only to pay five hundred million farm law costs but to cover soldier bonus interest and sinking fund, and add two hundred odd million to curtail deficit. Treasury still hopes President will swing to its side, but this is unlikely. Even if President agreed it is highly improbable he could force Congress to enact an unpopular tax program so soon before election.

No Inflation Fear

He isn't checked by fear that Congress would substitute inflation for any bonus-paying taxes urged on it. Inflation cannot muster anything like two-thirds majority in both Houses. But individual congressmen will not jeopardize their own reelections to aid Roosevelt's budget picture and help minimize Republican attacks on federal fiscal situation.

Dressing Budget Window

Roosevelt's order that Norris rural electrification bill for a hundred million a year for next nine years must be pruned is not important. Just more window-dressing for budget picture. Everyone concedes hundred million a year could not possibly be spent. This is same brand of publicity as that cancellation of authorizations for borrowing which were not to be used anyhow.

States' Rights Trouble

Unexpected states' rights flurry in House, temporarily at least sidetracking Jesse Jones' desire to avoid paying state taxes on bank preferred stock, promises trouble for Administration in other directions. National legislators are suddenly looking out for state treasuries.

Building Boom Critical

Administration housing planners fear country will jump from fire of mortgage moratoriums into frying pan of rental crisis if volume of new house building isn't boosted soon. Predict state legislatures, Congress, and courts will no more countenance eviction for failure to pay exorbitant rents than for failure during depression to keep up with the mortgage.

Plenty to Talk About

Congress could adjourn Apr. 1, but probably will drag on. There are plenty of possibilities for time-

PLAYING SAFE

Slight Brain Trust enthusiasm is expected over congressional idea for unemployment census, also urged by some business interests. High figures would invite criticism; low ones would cramp exercise of new bright ideas. Where ignorance is bliss—

killing debate in Senate already on horizon. More will appear. Examples: disciplining of Gen. Hagood for criticizing WPA "stage money"; steamboat inspection row; attacks on political administration of federal relief in West Virginia by Sen. Holt; Sen. Neeley's rousing defense of his lieutenants, which incidentally puts West Virginia in doubtful column.

Better Transport Harmony

Practical coordination of rail, truck, and water lines is seen in Pennsylvania Railroad's plan to purchase truck operating companies as feeders. Also in concurrence of railroad short lines and steamship companies in freight classification compiled by truckmen under Motor Carrier Act.

Labor Board on Spot

National Labor Relations Board knows a buzz saw when it sees one, as evidenced by its tight-rope walking on hot-line between inter- and intrastate commerce. But board had to stick neck out in craft vs. industrial union battle on considering Brown-Williamson and Axton Fisher Tobacco cases. Tobacco workers' union, recognized bargaining agency, has 90% of workers; machinists, part of other 10%, want to negotiate separately, object to majority rule. Granting this would invite similar claims from 13 other craft unions; refusing would lay board open to charge of backing Lewis against Green in Federation battle.

No Haste, No Waste

SEC's report on Bondholder's Protective Committees will not be ready until Congress shows signs of

adjournment. Original date for report, Feb. 20, has been ignored to give more time for finishing touches. Authors see no point in rushing.

War Over Walsh Bill

Walsh bill to make those who sell to government comply with old NRA codes is in danger of death from amendments. Borrowers of government money and subcontractors are now exempt. Teeth may be put back in conference after House action.

Big Show?

Washington fits reopening of government's attack on Warner, Paramount, and RKO into story that Administration is looking for an anti-trust suit that will be favorably remembered on Election Day. Maybe the movies will furnish a spectacle.

Little Leeway for AAA

Farm bill gives Wallace and Davis large sized headache. Cotton and tobacco planting has started; corn is not far off. Tremendous task of setting up machinery—no cinch at best—must now be done under pressure. Cynical observers detect striking similarity between new tactics and outlawed AAA operations.

To Keep Farm Act Honest

Efforts of dairy farmers to protect selves against competition from leased lands, bitterly contested in Congress, were no help to farm bill sponsors, whose principal objective was to safeguard constitutionality. To bar use of leased land for dairy purposes would have meant production control, definitely under Supreme Court ban. Hence sigh of relief when amendment defeated. Farm act, of course, is for soil protection, not crop control.

Coaxial Compromise

Way is cleared for long distance television experimentation by FCC decision modifying restrictions on A. T. & T.'s proposed coaxial cable from New York to Philadelphia. Company wanted full control of \$500,000 installation; commission insisted that cable be available to all comers. Compromise safeguards right of use by qualified outsiders, but leaves company free to bar long-haired nuts with haywire equipment.

Educational Equivalents

Important rôle U. S. Employment Service will play in administering unemployment compensation laws has led to A. F. of L. infiltration. To pave way, labor had personnel requirement for high school education amended to permit substitution of practical experience in labor leadership.

BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1931-35
BUSINESS WEEK INDEX	*68.7	168.7	173.2	62.6	63.1
PRODUCTION					
★ Steel Ingot Operation (% of capacity)	52.9	51.7	49.4	47.9	38.3
★ Building Contracts (F. W. Dodge, daily average in thousands, 4-wk. basis)	\$7,285	\$7,883	\$9,078	\$3,373	\$4,935
★ Bituminous Coal (daily average, 1,000 tons)	*1,733	1,683	1,424	1,451	1,303
★ Electric Power (million kw.-hr.)	1,942	1,950	1,956	1,728	1,605
TRADE					
Total Carloadings (daily average, 1,000 cars)	105	104	102	97	99
★ Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)	60	59	63	61	62
★ Check payments (outside N. Y. City, millions)	\$4,114	\$3,139	\$3,974	\$3,618	\$3,318
★ Money in Circulation (daily average, millions)	\$5,786	\$3,775	\$5,716	\$5,452	\$5,352
PRICES (Average for the Week)					
Wheat (No. 2, hard winter, Kansas City, bu.)	\$1.11	\$1.07	\$1.11	\$1.00	\$0.70
Cotton (middling, New York, lb.)	11.35¢	11.66¢	11.84¢	12.58¢	9.82¢
Iron and Steel (Steel composite, ton)	\$33.54	\$33.45	\$33.38	\$32.50	\$30.52
Copper (electrolytic, Connecticut Valley basis, lb.)	9.250¢	9.250¢	9.250¢	9.000¢	7.695¢
All Commodities (Fisher's Index, 1926 = 100)	83.8	83.4	83.9	82.2	70.2
FINANCE					
Total Federal Reserve Credit Outstanding (daily average, millions)	\$2,498	\$2,500	\$2,490	\$2,460	\$2,023
Total Loans and Investments, Fed. Res. rep't'g member banks (millions)	\$21,100	\$21,082	\$20,969	\$19,486	\$19,741
★ Commercial Loans, Federal Reserve reporting member banks (millions)	\$4,847	\$4,858	\$4,906	\$4,919	\$6,201
Security Loans, Federal Reserve reporting member banks (millions)	\$3,144	\$3,137	\$3,167	\$3,096	\$4,784
Brokers' Loans, Federal Reserve reporting member banks (millions)	\$1,087	\$1,083	\$1,101	\$874	\$1,015
Stock Prices (average 100 stocks, <i>Herald-Tribune</i>)	\$118.09	\$117.80	\$115.16	\$96.94	\$103.19
Bond Prices (Dow, Jones, average 40 bonds)	\$102.92	\$102.61	\$101.29	\$96.98	\$88.06
Interest Rates—Call Loans (daily av'ge, renewal) N. Y. Stock Exchange	1%	1%	1%	1%	1.4%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	1%	1%	1%	1%	2.0%
Business Failures (Dun and Bradstreet, number)	210	194	252	285	517
★ Factor in Business Week Index *Preliminary † Revised					

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Business Week

The Business Outlook

WEATHER still holds business in its grip, curbing the usual expansion in spring lines, retarding shipments, and giving an unseasonal fillip to coal production. Cold, rain, floods, and even dust-storms have occurred, checking retail trade and thereby causing factories to reduce production and employment. Yet there is no misgiving over business prospects in the next few months. On the contrary, there is a growing feeling that when weather conditions permit, there will be such a rush of buyers seeking goods for immediate delivery that producers will be hard-pressed to supply the demand. With the farm bill set to slide through Congress, even the premature fears about the farm market should disappear.

Railroads Step Out

In the durable-goods field, the weather has been a less important factor than in consumer lines. Here the long-range view of business recovery has motivated purchases. Railroads have entered the market with orders for rails, freight cars, and locomotives in such numbers that the steel industry itself is amazed.

Other Durable Goods

Machine-tool business from domestic sources hit a new high in January for the present recovery period, and all indications point to equally good business through March and perhaps April. Farm-equipment companies stepped up their forces in January by 4% to take care of spring demands from agricultural areas, making a 400% increase from the 1932 low. Office-equipment plants also increased their staffs early this year in expectation of brisk business.

Expect Construction Gains

In the construction field, the seasonal February drop from January levels was no surprise. There is still a wide margin of gain compared with a year ago. The non-residential building group has made the best percentage gains, followed by residential and public works and utilities. *Engineering News-Record's* totals of heavy construction contracts reached \$164,499,000 in February, compared with \$68,089,000 a year ago. March should see substantial improvement over the February level.

About Utility Spending

The TVA decision plus the later PWA decision in the Duke Power case have tempered the utility industry's enthusiasm for carrying out the expansion program that had been lined up earlier in the year, requiring

SNOW HELPED THEM

Not only have the railroads garnered some extra tonnage and a few passengers as a result of snow-blocked highways, but the urban transit lines have profited also. Transit Journal reports that when the public deemed it wiser to get to work or to shopping districts by using public transportation, it boosted revenues nearly 5% above the same weeks of '35.

\$371,557,774. Estimates that these expenditures will be cut to nearer \$100,000,000 are too gloomy. Power consumption is at new highs, and bound to rise further this year; severe weather and breakdowns are taxing the transmission lines; so the utilities will have to do a lot of spending.

Year's High for Steel

Steel production reached the year's high this week without benefit of motor business. Railroad and construction buying continues to expand and to support steel activity. Operations this month run a point or two above those of January; and March is likely to see the rate push past 55% of capacity.

But Price Is a Worry

The most disturbing element in steel is the price situation. The strength in scrap is due to the curtailed movement of supplies after the severe weather of recent weeks, and to export demand, chiefly from Italy. This superficially cheerful situation is in marked contrast to the weakness in finished steel prices.

Succession of Concessions

Yielding to demands from Detroit after NRA was knocked out, the steel industry found itself offering similar price concessions to motor parts suppliers and then to other buyers. Now automobile buyers feel entitled to another \$3 cut to maintain their preferred position as big consumers. Wire nails and other wire products are also being sold below published quo-

tations, making the possibility of posting price increases for the second quarter very remote. The introduction of bills in Congress to abolish the basing-point system of quoting prices is an added worry.

Railroad Traffic Up

Behind the increased railroad buying is the improvement in traffic and earnings. Coal, ore, lumber products, grains, and miscellaneous freight have helped to boost total shipments 7% ahead of last year, despite the retarding influence of the weather on sales.

Weather Hinders Trucks

The railroads have gained some traffic from trucks during the winter. Even salesmen have had to abandon their cars and take to the trains. The estimated January gross income of \$300,000,000 will be the best for the month since 1931.

Oil Restriction Pays

California oil fields that have complied with the restriction of output requested by Standard Oil of California have received the promised price increase. Fields that have not curtailed output sufficiently are expected to be spurred on to do so, now that the new price is in effect. Outside of California, production has been growing for three weeks. A threatened increase in bunker fuel oil brought immediate protests from ship men, whose costs of operation would be boosted.

Reserve Board's Index

The decline in steel and motor production, plus the less-than-seasonal increased production of textiles and shoes, pulled the index of industrial activity compiled by the Federal Reserve Board from 104% of the 1923-1925 average in December to 99% in January, despite the support given by the increasing activity in mineral fields. February will probably see the index fall to 95%, with a recovery in March to the January level or better. The first quarter of 1936, despite this setback, will still be the best since 1930, and not so far from that level.

A Big Retail Year

Retail sales in 1935 jumped 14% over 1934 and reached a total of \$32,600,000,000, the best since 1931. The biggest gains were in mail-order, automotive, home furnishings, lumber, and restaurant sales.

Glass Peak

Plate glass output last year broke all records. This year promises another peak, thanks to automotive and building activity. January output set a new record, 29% above 1935.



THRILLERS

A LIBRARY OF ADVENTURE. The record of thirty-five years of General Electric research — 2500 volumes in which G-E scientists have, day by day, recorded thousands of epochal experiments. A two-hundred-foot shelf of books athrill with the romance of human progress—answers to nature's riddles—the discovery of hidden treasure. They contain the story of some of the greatest achievements of the century.

Here are the steps in the development of the tungsten lamp and the marvel of modern lighting—of the Coolidge x-ray tube and a new weapon against disease — of the high-vacuum tube and the miracle of radio—new tools for industry—copper brazing, atomic-hydrogen welding, Carboloy. Here is a rich and increasing treasure of fundamental knowledge, uncovered by G-E scientists—a reservoir on which the future will draw for ever-new developments.

These records of scientific adventure are also guidebooks to the creation of wealth, the founding of new industries, the employment of new thousands of people—the results of G-E research that has saved the public from ten to a hundred dollars for every dollar it has earned for General Electric.

96-198DH

GENERAL  **ELECTRIC**

FEBRUARY 29, 1936

This War Business

In new talk of "trouble," the world watches Germany and Russia. Europe still thinks break will be held off but is placing war orders.

THERE is new talk of "trouble" in Europe. Captain Anthony Eden, Britain's recently-appointed foreign secretary, told Parliament this week that the present problems are "dreadfully similar in character and portent to those before 1914." Business is again canvassing the chances of war.

In Paris, there is still a feeling that trouble on a big international scale is not going to break out before 1938. The well-informed French business man and military observer think that's the earliest that Germany will be equipped to put real pressure behind her demands.

In London, there is greater skepticism about the immediate future. A part of this is frankly built up by a government worried over its inadequate war equipment, and the humiliation of having been unable to stop Mussolini. British executives are betting 50-50 that trouble can be averted this year, but after that "anything can happen."

Of dozens of danger spots, Geneva is watching two most closely: the Russo-Japanese borders in the Far East, and Germany. Focus is on Germany, for world diplomats feel that Japan is not likely to strike while Russia is free to concentrate on an Eastern campaign, though events in Tokyo this week (page 37) have momentarily upset their reasoning.

American Angle

American business, trying to chart its course, has centered its interest in recent weeks on two or three developments.

The first is the new importance of the Soviet Union. The astuteness of Mr. Litvinov, Moscow's foreign minister, is partly responsible for this. Most important is the fact that Russia has become something of an industrial power with vast potential supplies of war materials. The Russians have an air force surpassed in Europe only by Germany's, according to military observers.

London, after being cool to Moscow for years, paid Mr. Litvinov special courtesies when he was in England for King George's funeral. Britain's motive is obvious enough. London is scared by the Japanese advance in China. The British government realizes that, single-handed, it cannot do much in the Orient, especially as long as the situation in the

Mediterranean remains strained. Also, the British were no doubt impressed by the stupendous armament facts and plans divulged at the January session of the Central Executive Committee in Moscow. The Soviets are apparently hoping to get from the British fleet the help in the Far East for which, two years ago, they were looking to us.

Helps Paris Out

This rapprochement is, of course, warmly welcomed by the present French government. It strengthens France's position on ratification of the military alliance with Soviet Russia—both against critics at home and reactions in Germany.

The rumor that Mussolini and Hitler are building a new alliance in Central Europe, to include Austria, Hungary, and Poland, is not taken very seriously. It is a bargaining proposal meant to frighten France into stiffer opposition to the application of oil sanctions against Italy when that problem again comes up at Geneva next week. It is also aimed at frightening Britain into granting Italy larger concessions in Ethiopia before a

new rainy season winds up the dragging campaign there.

Captain Eden's announcement that Britain will not be party to the forming of an iron ring around Germany is more significant. Britain hopes to negotiate with Berlin for a settlement of Germany's problems. At the same time, the British intend to rearm to the point where their pressure will be more effective than it was in the Mediterranean.

Germany is the country on which all eyes are turned. In 1935, rearmament definitely became the dominating factor of its business recovery. Employment in steel, machinery, and shipbuilding, and in certain branches of the textile and shoe industries is dependent on it. In December the government passed a law demanding that the planning of new electric power stations give special consideration to the protection of power supply in wartime.

Thorough As Ever

Benefiting from the experience of their economic mobilization during the World War blockade, the Germans are preparing with characteristic thoroughness. Most universities and technical high schools have a special chair teaching the economic aspects of war preparedness.

Of all means of preparedness discussed, preference is given to the "standardization" method, which consists in standardizing the equipment of private industries so as to make them available



ENTRE NOUS—When one of Russia's highest military officials—Marshal Toukhatchevski (second from left)—arrived in Paris to discuss military cooperation with the French, Berlin realized that two old allies were once more preparing to cooperate in case "trouble" develops in Europe.

for war use. Emphasis is not laid on large stocks but on capacity. Thus, the Air Ministry is not eager to keep an unreasonable number of airplanes in service (they would soon become obsolete technically); it prefers to concentrate its efforts on raising the capacity of aircraft plants for emergency production.

Safety First

The Germans are specially anxious to readjust their war industries territorially to make them less vulnerable to air raids. The distance from the Czechoslovakian frontier to Berlin is about 150 miles. From the French border to the Ruhr, nerve center of Germany's steel and munitions industries, is even less. Today all orders placed by German military authorities require a preliminary ok by a committee which carefully considers their territorial distribution.

From this angle, the Berlin-Hanover-Leipzig triangle is specially favored. Important new plants have already been constructed in this area. The Opel Works (subsidiary of General Motors) are among the new "settlers." Their new plant for the production of trucks (and possibly tanks) was erected in Brandenburg (40 miles west of Berlin) in the record time of seven months.

Shoes, Too

Even the shoe industry is affected. In a report recently published in the German press, shoe manufacturers of the Palatinate (on the Rhine) complained that they did not obtain sufficient orders for military boots while their more lucky competitors in central Germany were working full time on army orders.

In recent speeches, General Goering and Dr. Ley, leader of the Labor Front, have often stressed the point that stability of nominal wages (which remain practically unchanged since the initiation of the Hitler régime) represents the sacrifice which the German working class is "willingly" making for the sake of rearmament. Considering that owing to the rise of food prices the purchasing power of the unchanged wages has declined at least 15% or 20%, this is no small sacrifice.

This is the situation which confronts business. There is still the hope that war can be prevented by some new scheme for cooperative security, but there is no evidence yet that the Powers are going to act together. In the meantime, everyone is preparing.

Sears' Agency Plan

Mail-order house starts selling refrigerators through Gimbel; may extend plan to many cities.

NEW agency set-ups and independent sales channels are reported under consideration by Sears, Roebuck & Co. to supplement the sales-building capacity of its mail-order and chain store organiza-

tions, particularly to sell the vast lines of private-brand merchandise made in Sears plants or to Sears specifications.

In the field of principal appliances the first step was taken recently, when Gimbel Bros. New York store began to offer Sears' Coldspot refrigerators at Sears prices and on Sears terms.

This is believed to be the beginning of a cooperative plan by which large retailers will handle the Sears refrigerators and perhaps other large-unit lines in cities where the nearest Sears retail stores are not in direct competition and where mail-order business is no factor.

However, indications are that the company will use independent sales channels in small cities and towns also.

Until 10 years ago Sears sold exclusively by mail. The 500-odd retail stores that have been established since then only serve some of the communities in which Sears merchandise is well-known. Many former mail-order customers today prefer to get what they want when they want it, at the nearest store, and without having to figure out how much the transportation charges will add to the catalogue price. Sears gets that type of business where it has stores but loses out where it has none. In such towns an agency plan for hardware and electrical dealers is considered logical.

Some hardware dealers had a taste of such a plan 10 years ago, when the Winchester Repeating Arms Co. launched a full line of fast-moving items under its private brand and backed up its dealer-agents by national advertising. In the cigar and candy field the United Cigar Stores Co. has more than 600 independent dealers in small towns as its agents, and these account for much of its sales volume.

Fashion Guild Fight

Price ranges and trade practices are at issue in battle between manufacturers and large stores.

THE finish of the battle between the Fashion Originators Guild of America, Inc., and a recalcitrant group of large department stores (*BW*—Dec 28 '35) is in sight; and according to insiders, it's going to be a victory for the Guild.

The past two weeks brought the most bitter fighting, with each side sending over heavy bombardments of claims and counter-claims that have supplied the chief topic of conversation in the trade from the Atlantic to the Pacific.

Champions for the Guild plan for protection against style piracy declared that the protest against extension of the Guild's jurisdiction to the lower-price ranges was really camouflage, to cover up the protestors' opposition to certain trade practice requirements.

They point to a broadside of double-page spreads, published this week in the



DOUBLE PLAY—Sears-to-Gimbel is the basis of a new selling plan for this refrigerator. Attractively displayed in Gimbel's big New York store, the Coldspot has been drawing crowds, may set a sales pace which will lead to other Sears-to-retailer hookups.

Women's Wear Daily, in which the Associated Merchandising Corp., representing a group of 16 large department stores, made price ranges the main issue but incidentally protested against new trade practices.

The Guild, in another two-page spread, declared that the A.M.C. is less worried about price ranges than about other matters. These were specified by Guild members as: relaxation of the Guild's trade practice rules, so that A.M.C. buyers can force manufacturers to give them a 10% cash discount instead of the 8% allowed to others, and so that rules on cancellations, returned goods, and secret rebates shall be relaxed.

Guild members say that their system of "red carding" stores that knowingly deal with manufacturers who practice style piracy is working out, and that victory will come because important stores cannot afford to be without the products of the members who are sticking by the Guild pact.

May Be Fireworks

Several important members of the A.M.C., including Lord & Taylor, New York; R. H. White & Co., Boston; and Strawbridge & Clothier, Philadelphia, are now chafing under the red-card boycott and some are threatening to take legal action. A group of A.M.C. officials are said to have gone to Washington and complained to the Department of Justice and the Federal Trade Commission officials, without getting much encouragement.

More than 80% of all the dresses, sportswear, and other apparel involved in the controversy is made in New York. Smaller manufacturers in other places, such as Cleveland, Chicago, Kansas City, and San Francisco, are getting some extra business from stores that formerly bought in New York.

A Feud Comes to Akron

Mountaineers turned tire builders form nucleus of rubber industry's first major strike. Goodyear gets injunction; Department of Labor mediates.

LANKY men from the hills were a-feuding in Akron this week, and Goodyear Tire and Rubber Co., which hired them in post-war days fresh from the hills of Tennessee, Kentucky and Alabama, was shut tight. For the first time since rubber became big business the picket fires of striking employees burned in the gateways of a major plant—in this case, the industry's largest.

The rubber rebellion was cast in bold relief against a background of heightened activity all along the labor front. With one eye on Akron, William Green and John L. Lewis were trying to wrest the steering wheel away from each other in a renewed drive to unionize steel workers; automobile union officials were in open revolt against Francis Dillon, their president who was appointed by Green; and the eight-union industrial unionization bloc defied the American Federation of Labor order to dissolve.

Deadlocked

Goodyear's troubles boiled up fast to a point where it looked like cracked heads would be the next step, then simmered. For days the strikers had stood on their demands for return of the six-hour day, abolition of the Industrial Assembly (17-year-old company union), and a new union agreement. The company just as steadfastly had refused to deal with the strikers unless they called off the strike; had waited for police and the sheriff to enforce a court injunction against the picketing.

In handing down the injunction, the six judges of Common Pleas Court

neatly put Sheriff Flower on the spot. Unable to enforce the order without violence, jeered by the pickets, he saw his hopes of police support vanish when Chief Boss and Mayor Schroy decided it was not worth while "to shoot your fellow men." Turning to the court again, the sheriff was rebuked; it was his job and not theirs, the judges sharply reminded him.

While the sheriff marked time, debating whether he should try again to cow several thousand tire builders with his force of 25 men, the Department of Labor kept in close touch. Edward F. McGrady arrived from Washington and joined another mediator, P. W. Chappell, in an effort to get the company to negotiate. Public sentiment remained about equally divided.

Many of the pickets who milled around the gates for 10 days, sticking it out in subzero weather, were the hillbillies with no background of organization who were brought North in the rubber industry's great 1910-20 expansion. They are "rugged individualists" no longer, but fervid exponents of mass action.

Injected into the general scene of dissension was the beginning of another battle, the one between Lewis' industrial union bloc and Green's craft union supporters who control the American Federation of Labor. Early this week John Brophy arrived in Akron; he is one of Lewis' chief lieutenants and it would surprise no one if financial help were offered the strikers in return for a prom-

ise to line up with the Lewis organization.

Strictly an outlaw strike in the beginning, the walkout soon got the backing of the United Rubber Workers, but has been carried on without arrangement for strike benefits or other financial support.

The A. F. of L. is still somewhat miffed by the snub delivered by the rubber workers when they defied Mr. Green by refusing to accept Coleman Claherty, his organizer in the rubber industry, as head of the union when it was formed last year. They elected an executive board with leanings toward the Lewis camp.

The industrial unionists have plenty to gain by backing the present strike, and will probably grab the chance to sign up another union for their group, making it nine instead of eight.

Strange Doings

The strike at Goodyear topped two months of the strangest manifestations of labor unrest the rubber industry ever experienced. "Sitdowns" in which workers in one or two departments dammed production lines by refusing to work, completely tying up entire plants, hit one after another of the large gum shops (BW—Feb 8 '36, p8).

The main plants of Goodrich and Firestone were tied up for a short time by "sitdowns." The workers stopped their machines in the tire-rooms (where tire carcasses are assembled), packed up their tools, and sat down.

As the hours passed, materials piled up at one end of the department and the flow of tire carcasses to the curing pits in the other direction was stopped. One by one the other departments shut down.

The employees sent committees to the management and whiled away the time



Wide World

AT 163 GATES—Day and night through some of the bitterest winter weather that Akron ever saw, Goodyear tire builders barred 163 gates of the largest plant in the rubber industry. Hastily-constructed shelters helped keep the icy wind off some

of the pickets, and hot coffee was brought them by their families and friends. President S. H. Dalrymple (right) of United Rubber Workers promised that there would be no violence, and pledged the support of the union to the Goodyear men.

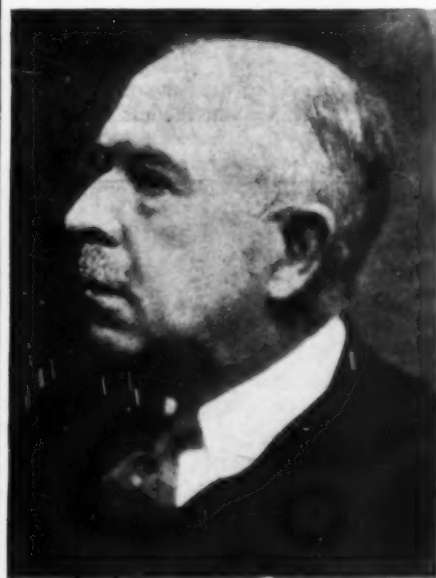
AP Wire

"We have been endeavoring to readjust our working personnel so as to give our older employees a greater total earning. Our objective was to give in 1936 an average of 36 hours per week as

The company can hold out for five months without a serious retail tire pinch, the industry says. Goodyear plants at Gadsden, Ala., Los Angeles, and the recently acquired Kelly-Spring-

Goodyear Industrial Assembly was organized in 1919, and is tied in with many welfare and recreational facilities.

In addition, the company seeks a series of injunctions restraining state and city officials, union executives, and others from interfering with operation of the plant.

[illegible]

Rubicam, agency). For the most distinguished personal service—William Johns, chairman, executive committee, Batten, Barton, Durstine & Osborn. These are the winners in four of eleven classifications as picked by a jury of advertising men in the annual awards, inaugurated by Edward W. Bok, reconstituted this week by *Advertising & Selling*.



BACK IN SERVICE—Straddling a shallow ditch, they swing their sledges against the base of a great iron furnace, idle for three years. Through a 2½-in. hole pours a stream of white-hot slag—fore-runner of more than 200,000 tons of iron a year added to Cleveland production. Carnegie Illinois has just put two of these furnaces back to work.

No Scare

Business Week's study of balance-sheets proves that typical companies have not let inflation talk frighten them into loading up with raw materials.

WHAT about inventories? 1935 was a year of rising business, increasing inflation talk, and strengthening commodity prices. Did American corporations load up with raw materials, anticipating still higher price levels in the future? Were they afraid of inflation?

Dipping into year-end balance sheets of representative companies, *Business Week* finds they did not and they were not. In fact, the figures of 45 large companies express a whole-hearted indifference to the threat of higher costs.

This group, comprising a sample of leading lines (exclusive of those like steel and oil, whose extractive operations profoundly influence inventory positions), held \$668,000,000 of raw material, semi-finished and finished goods, and supplies as 1935 ended, compared with \$640,000,000 at the end of 1934, a gain of 4.4%.

Less Than Price Rise

Considered merely as a flat gain this increase is inconsequential, but when it is observed that during the same period the wholesale level of 784 commodities advanced 4.5%, the gain is of even less consequence.

Also, during 1935 average raw material prices advanced 6.3%, or more than the increase shown in inventory values of the sample corporations.

Corporate accounting practice prescribes that inventories in the balance-sheet be valued at cost or market, whichever is lower. Under this procedure it

is possible that well-bought raw materials are concealed by year-end valuations. But since there was a very slight change in average wholesale commodity prices for the year, this possibility is of tempered importance.

Only one of the main subdivisions had a sharply rising experience. That one was the hides and leather division, yet at the end of U. S. Leather's fiscal year (Oct. 31), inventory dollar value was off slightly. International Shoe reported an exactly parallel condition.

In pamphlet reports of the companies sampled, the inventory situation was glossed over with the usual perfunctory and statistical chatter.

Only one of the 45 annual reports contained forthright words on the price situation. Pres. James A. Gray of the R. J. Reynolds Tobacco Co., commenting on a jump of 9% in inventory (mostly leaf tobacco) during the year, intimated that it was possible for the company to be complacent despite the wide talk of some type of general inflation of prices or values, since the company was well-heeled with almost one hundred million dollars' worth of tobacco in the vegetable bin.

Liggett & Myers, in the same field, showed a less than average increase, but both companies suggested a little stocking up, as tobacco prices from December, 1934, to December, 1935, declined 5.8%.

Chrysler, Continental Can, and Deere

& Co., all with fair increases in inventory during the year, attributed the larger figures to increased business.

Kroger Grocery, with a slight drop in total inventory at the year-end, although farm products were 8% higher, came out frankly with a deviation from the common belief, explaining that inventories were not built up because the price future was uncertain.

Retail merchandisers averaged out without an appreciable change. Marshall Field & Co. was an exception with a sizable drop, practically all of which occurred in the merchandise inventory of the manufacturing division. S. H. Kress & Co., on the other hand, disclosed a 14% jump.

Cereal Inventories Differ

Cereal people apparently gave the inventory matter no cooperative thought. Quaker Oats inventories were sharply lower, the baking companies about unchanged, National Biscuit down a little, and Purity Bakeries up a little.

DuPont, involved in widespread chemical and explosive activities, built up inventories slightly, while Hercules Powder was down moderately and Mathieson Alkali up.

Firestone Tire, on a rising rubber and modestly higher cotton markets, showed a small drop in inventory for the fiscal year, while General Tire reported the direct reverse.

What's the answer? Simply that, judging by the *Business Week* sample, American corporations sat on their haunches and, like the Cheshire cat, grinned unbelievably at the specters of price rise that floated past. Evidently they don't scare easily.

Afraid of a Word

Roosevelt is apt to extend ocean mail contracts as Congress shies from "subsidy" in election year.

PRESIDENT ROOSEVELT will probably extend the ocean mail contracts for one year. He has the power to do this under existing law, and there is no indication that Congress will change the law, despite all the talk about the Copeland bill, the ideas of Sen. Black of Ala., and the mysterious maneuvering of New Deal authors of the Guffey ship bill.

The reason is very simple. President Roosevelt is willing to give more financial aid to the merchant marine than Congress is willing, for political reasons, to vote for at this time.

The President is in sympathy with the argument long made by the Navy that the whole business ought to be revamped, that aid should be frankly given, in the form of a subsidy, not for carrying the mails but for building ships which would be useful in time of war, either as cruisers or auxiliaries. Both the President and the Navy agree

that such ships should be built strictly according to naval specifications.

No bill, however, which could possibly pass the present Congress would give the merchant marine as much help as it is now getting in mail subventions. Congress is pitifully afraid of the word "subsidy"—especially in a hotly-contested election year.

And the President is not anxious to press the issue. The wheel within wheels here is that the President has been putting on a pretty good show, what with his conferences with the lending and

spending agencies, and what not, that he is about to put on a regular Calvin Coolidge economy act. The whole effort is designed to meet the criticism of which he is most afraid—that the federal government is too profligate in its distribution of funds.

So this is no time to defy the old popular prejudice against the word "subsidy." It makes no difference that perhaps even less money might be spent on subsidies than is now spent for carrying ocean mail. It's a lot of bunk but the experts say it's good politics.

Pending business includes 50 locomotives for South Africa, 10 for the New York, New Haven, & Hartford, and 12 for the Northern Pacific.

There are two buyers of passenger cars—the Chicago, Burlington & Quincy, which has ordered two 10-car Zephyr trains and two 7-car Zephyrs, and the Chicago, Milwaukee, St. Paul & Pacific, which has ordered 37 cars.

Durable Goods Break the Grip

They definitely start coming out of the depression, now that railroads have gone on a buying spree, ordering rails, cars, and locomotives.

THE durable goods industries have definitely broken the grip of the depression. Last year the construction industry started buying; this year it's the railroads.

Spurred on by the threat of price increases, fortified by the first net earnings since 1931, and eager to get equipment in shape after six years of pinch-penny buying, the railroads jumped into the markets in the first eight weeks of 1936 and put on a sustained buying spree.

Already some 218,969 tons of rails have been booked, against 495,314 tons in all 1935. Another 95,000 tons is pending.

7,400 Freight Cars Ordered

Two roads have ordered 71 passenger cars, against 63 ordered by four domestic roads in all 1935. More than 7,400 freight cars are on order, with an almost equal volume pending; 65 locomotives have been booked, compared with 125 for the full year 1935; about 80, including a large foreign order, are under consideration.

Business Week has studied the announced purchases to see where the orders are coming from and how much is involved. Six roads account for the bulk of rail tonnage. Here they are:

Rail Buyers	Tonnage
Southern Pacific	40,769
Chicago & Northwestern	51,000
New York Central	38,000
Denver & Rio Grande Western	10,000
St. Louis-San Francisco	17,800
Western Pacific	31,000

Big volumes of pending rail tonnage include 18,000 for the Erie, 30,000 for the Chicago, Milwaukee, St. Paul & Pacific, and 35,000 for the Chicago, Rock Island & Pacific.

Most of this year's rail business is being financed by the roads themselves rather than by federal agencies, as was the case in 1934.

Among the leading buyers of freight cars are:

Freight Car Buyers	Number of Cars
Bessemer & Lake Erie	2,000
Union Railroad	1,000
Chicago, Milwaukee, St. Paul & Pacific	1,500
Lehigh Valley	1,000
Missouri Pacific	300
Atchison, Topeka & Santa Fé	550
Northern Pacific	250
Union Refrigerator Transit	250
Paulista Railway (Brazil)	400

Important purchasers of locomotives:

Locomotive Buyers	Number
Bessemer & Lake Erie	14
Union Railroad	10
Union Pacific	15
Chicago, Burlington & Quincy	8
New York, New Haven & Hartford	10
Interoceanic Railway of Mexico	5



NEW POLICY—Business men welcome the effort to take the directorship of the Bureau of Foreign and Domestic Commerce out of politics, which is evidenced in the appointment of Alexander V. Dye as its head.

Health Food Fad

There's a growing business to help you eat yourself healthy—with a slam for more familiar foods and a profit for somebody.

A WHOLE army of new food manufacturers is elbowing its way into the nation's biggest industry. They are the health food makers. Most of them began in a small way, but they all apparently know how to get a good price for their products, and there are a few, now grown big, who might give some old-established producers in the more conventional food fields lessons in how to package, advertise, and sell at a profit.

If all these newcomers were brought under one code it would undoubtedly contain these three basic principles: (1) health can be maintained and regained without medicines or drugs simply by the use of proper foods properly prepared; (2) meat of all kinds is poison to the human system and should be avoided; (3) modern mass production methods applied to food items such as wheat, vegetables, dairy products ruin or reduce their usefulness.

Flood of Suggestions

If you then asked what you *should* use for food you would find them ready with a flood of pamphlets and catalogues listing new and highly specialized products that promise health and vigor; some that offer relief from everything from anemia to zymosis.

One Eastern concern which distributes health foods exclusively publishes a catalogue of 136 pages describing its products, what they are good for, and how much they cost.

Prices are interesting. One vegetable preparation, presumed to be rich in vitamin B, costs 47¢ for a 3½ oz. can; 2 lb. of it set the devotee back \$3.69. A so-called potato bread made of soy bean and gluten comes at 45¢ per 16 oz. loaf and a special kind of extract for making broth brings \$2.50 for 14 oz.

At present most of the manufacturers who supply this market make only one or, at the most, a few items, but several larger ones go in for extensive lines. Modern Health Products, Inc., offers a group of attractively packed products ranging all the way from meatless bouillon to potassium broth. The Vegetate group sold by the Health Foundation of California and the line of the Battle



THE *Dream* OF THE **EMPIRE BUILDER**

... COME TRUE WITH F-M DIESELS

JIM HILL should have been there. From east and west, grimy crews were piercing twin bores into the backbone of the Cascade range for the Great Northern's new tunnel—the longest in all the Americas. A switch closed, and a dull roar thundered the falling of the last barrier—the dream of the Empire Builder had come true.

In construction camps at each portal, Fairbanks-Morse Diesels had been on the job every day for three years since construction started. In the race against time, the crews worked in shifts night and day—and not a single shift was lost during the entire period. Power from F-M Diesels was always there. Power in plenty, at low cost, for lights, motors and compressors.

F-M Products
For the Home
ELECTRIC REFRIGERATORS
RADIOS
WASHING MACHINES
IRONERS
AUTOMATIC COAL
BURNERS

In mine and mill, in factory and in fleets at sea, F-M Diesels long since have proved both their dependability as power sources and their ability to reduce power costs—often by as much as 50%. Today nearly three million horsepower are in service all over the world.

If you use power, for lighting or plant operation of any kind, Diesels can serve you at a profit. For complete information ask for our new booklet "*Diesels and Profits*" which will be sent on request. Address Department E831, Fairbanks, Morse & Co., 900 South Wabash Avenue, Chicago, Illinois. Offices in principal cities of the United States and seaports of the world.

FAIRBANKS-MORSE

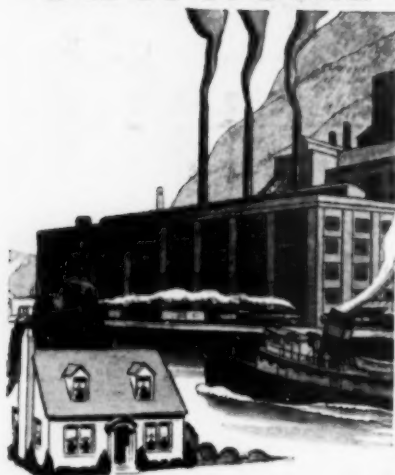
NEARLY THREE MILLION HORSEPOWER NOW IN



SERVICE

Diesels

Whether you own A FACTORY OR A HOME



You have money coming on your insurance

If your fire insurance is in a Mutual company you'll get the refund you have coming on your annual premium in the regular course of events. You don't have to do a thing about it. Your Mutual company takes care of that for you.

And if your fire insurance is not Mutual insurance, all you need to do to get the savings you're entitled to, is *change* to a Mutual company.

The sole purpose of Mutual fire insurance is to provide the soundest protection at the lowest cost. This is done by a careful selection of risks, by constant and intelligent fire prevention work, and by conservative management of the business. And the savings effected through reducing losses and costs are returned to the policyholders as savings.

The result of such a program is that the 75 members of the Federation of Mutual Fire Insurance Companies returned more than \$135,000,000 to their policyholders in the past ten years.

Send for the list of these companies and the interesting story of Mutual fire insurance. Address the Federation of Mutual Fire Insurance Companies, 230 North Michigan Avenue, Chicago, Illinois.

MUTUAL FIRE INSURANCE

An American Institution

This seal identifies a member company of The Federation of Mutual Fire Insurance



Companies and the American Mutual Alliance. It is a symbol of soundness and stability

Creek Food Co. swarm over the shelves of health food retailers.

The food industry is wondering about defensive measures, for the sales arguments of these strange competitors are frequently larded with veiled or direct attacks. For instance:

(1) Present methods of milling are frequently condemned; whole wheat, unbleached flour, and wheat germ preparations get the health shop vote.

(2) Canning processes using sugar syrups are taboo and the health shop offers fruits canned in water. In fact, all highly refined sugars are held unfit.

(3) Commercial crops of vegetables for canning are put on the black list because of the popularity of certain types of fertilizers and spraying fluids among growers.

(4) The commercially popular dried fruits, such as apricots, figs, dates, prunes, raisins, are considered unhealthy. The new shops offer "unsulphured" sun-dried fruits.

Asked how he gets customers, one operator stated that word-of-mouth advertising is the big factor after you get a start on readers of health food advertisements and health lecture fans.

Managers Get 483 Stores

Butler Grocery Co. hopes to get into the black by becoming voluntary chain, hooking up 1,500 independents, and doing wholesale job.

IN its plan to tie in with the trend toward the cooperative, voluntary type of chain retailing, the James Butler Grocery Co., a big New York City corporate chain, expects to find a way out of the financial difficulties which have beset it in the past few years.

The plan, announced this week, calls for the sale of the 483 Butler outlets in the metropolitan district to store managers at an average price of \$2,000 each—\$1,500 for stock and \$500 for store fixtures.

This group will serve as a nucleus for the voluntary chain which Butler hopes to expand by the inclusion of independents to approximately 2,000 units. The company will take care of wholesale buying, distributing, merchandising, and advertising, on a 2% of sales basis.

Cheaper Buying Featured

While the store managers conferred with company executives on the necessary financing arrangements, a campaign was launched this week to interest at least 900 independents. The gist of the company's appeal is the economy of large-scale buying—the bigger discounts, allowances, and commissions.

Although these are just the things under fire in Washington, it is not thought that enactment of the Patman-Robinson or any other price-control bill would put such a crimp in the buying practices of voluntary groups as in those of corporate chains.

In its membership drive Butler also points to the fact that "there is not a single case where a so-called voluntary group of stores has failed."

Similar steps, either to convert into a voluntary group or to establish a cooperative auxiliary, have been taken by such corporate chains as Safeway Stores, the S. M. Flickinger Co., and, in Iowa, the Standard Oil Co. of Indiana. The Great Atlantic & Pacific Tea Co. has

threatened similar tactics if anti-chain legislation grows.

Although the Butler move is in line with this development, it is dictated almost exclusively by internal financial conditions. In 1929, some 1,100 stores did an approximate volume of thirty million dollars. Growing economic pressure and labor difficulties (in 1934) forced a progressive reduction in the outlets. Volume and profits shrank.

In November, 1934, when a reorganization plan was under consideration, company conditions shaped up as follows: Fixed assets (warehouses and land), \$2,802,450, and current assets (chiefly inventory), \$1,470,219; total liabilities, \$2,720,575, plus a mortgage of \$775,000. In addition, dividends accrued over a period of 14 years on preferred stock amounted to \$4,150,000. In March, 1935, the company filed for bankruptcy under section 77-b.

Sale of the stores, and restriction of Butler's operations to wholesaling functions, seem a likely way out, but the trade wonders just what arrangements can be effected to sell a \$2,000 property to a \$35-a-week store manager.

Bolder and Brighter

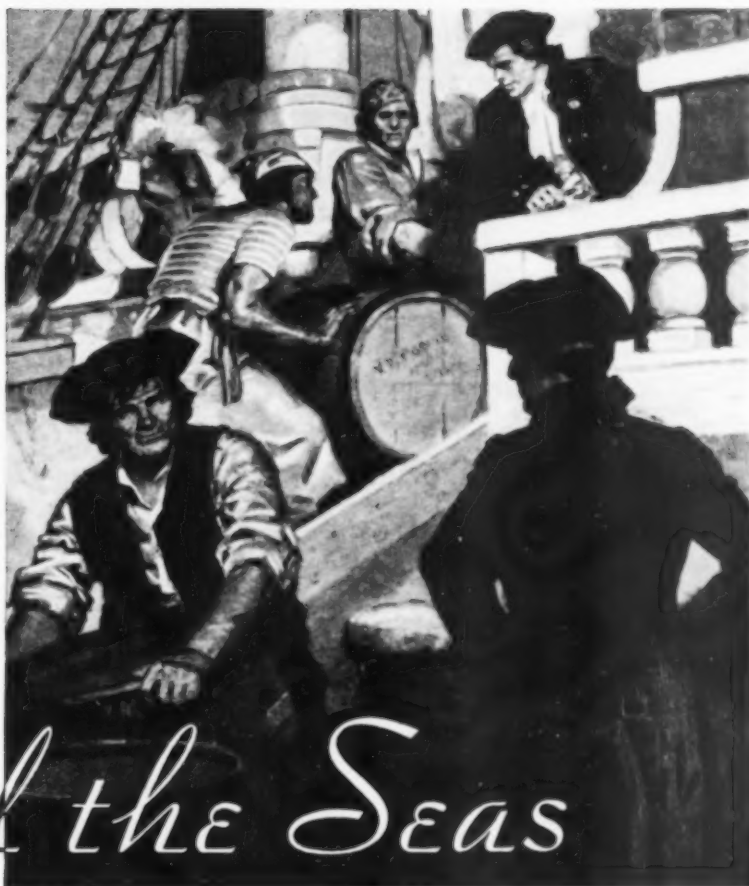
Color in shirts, color in ties, is overcoming the colorlessness of the shrinking male.

THE mere male, noted for his somber style of business attire and his frightened "be damned if I will" attitude toward all efforts to brighten him up, is overcoming his timidity. Something that has been going on for the past couple of years is on the way toward making shirt history in 1936.

Shirtmakers say that each depression has an aftermath of shirt gaiety, and

When PICKLED BEEF

Sailed the Seas



WHEN George Washington was a boy, Yankee sailing vessels, plying between New England and the West Indies, opened the first export markets for America's surplus meats.

It was a thrilling sight to American colonists when the first cargo of pickled beef and other meats sailed southward, bound for the far-off West Indies. Many on shore shook their heads, and doubted if any good could come of the venture.

Imagine the colonists' excitement when, weeks later, the vessel which many had given up as lost hove in sight, and finally slipped to anchor. A few hours later, dozens of bronzed, red-shirted seamen rolled cask after cask of molasses, sugar and rum to the ground, where all could see and feel them.

The above picture, "Shipping Pickled Beef to the West Indies," is taken from the Swift & Company 1935 Year Book. It is one of four illustrations in color which contrast methods of handling meats in olden days with those in use today. All are suitable for framing.

Articles of vital interest to meat users and livestock producers include "Livestock and Meat Prices," "Peculiarities of the Meat Industry," "How Purchasing Power Is Created," "The Taxation of Corporations," and "The Produce Business Must Be Flexible."

The book may be had — free. Write for your copy today. The coupon below, or a postcard, will do.

Swift & Company

Swift & Company, 4155 Packers Avenue, Chicago, Illinois

Please send me, without charge, a copy of the 1935 Year Book.

Name _____

Address _____

City _____ State _____



Per Cent
of Normal



An Index of Business Activity

IN the present period there is keen interest not only in the current trend of business activity but also in the record of recent years as a basis for comparison.

This Company's index of business activity is published in each issue of **THE GUARANTY SURVEY**, a monthly review of general economic conditions in the United States and abroad. This weighted index, developed through long observation of business factors and tested for sensitiveness to changing conditions, covers the period 1919 to date.

This publication also includes a chart showing indices of wholesale prices for the period 1919 to date, and a table showing the range of prices of representative basic commodities from 1913 to date.

We are pleased to place the names of business executives on our mailing list to receive **THE GUARANTY SURVEY**.

Guaranty Trust Company of New York

140 BROADWAY

FIFTH AVENUE at 44th STREET

MADISON AVENUE at 60th STREET

LONDON

PARIS

BRUSSELS

LIVERPOOL

HAVRE

ANTWERP

(Member Federal Deposit Insurance Corporation)

that although the tried-and-true white will hold onto half of the sales or more, the business man's present surge to color is more widespread than in previous recovery periods.

Piece-dyed shirts—the familiar blue shirt is one—are staying well up in the 1936 sales, but it is the British stripings and the boldly-colored checks and plaids that are making the big gains.

It used to be that white shirts held about 70% of the sales, or more; nowadays the ratio is running 55% white.

What's more—ties are sharing in the color drive. For its spring and summer announcements, Cluett, Peabody is fixing up some ties, to be worn with linen suits, that have a stripe of white linen slashing right through the colored background.

Dealers are getting a lift from those shirtmakers who also make ties, in new matchings of shirt-and-tie combinations. The customer can buy them separately, if he likes; it depends on whether he trusts his own judgment.

"Loss Leader" Lost

California judge holds unfair trade practices act invalid, and price cutting follows fast.

ONE more horse was shot from under price-fixing advocates this week when Judge L. Clarence Kincaid, in the Superior Court of Los Angeles, ruled unconstitutional the California unfair trade practices act. The suit involved two retail grocers, Everett L. Balzer and Donald L. Caler.

Passed last year, the act forbids selling below cost (including all expenses of doing business) and provides that a retail organization must sell all products at the same prices in all its stores throughout the state.

Judge Kincaid held that the act was arbitrary and discriminatory, encouraged the growth of monopolies, and violated the state constitution and Article XIV of the federal Constitution.

This was the first reversal in five lower court cases, but drug and grocery interests apparently considered it indicative of higher court action, for rampant price cutting followed hard on the heels of the ruling.

Retailers have long been resigned to the invalidation of the fair trade law—at least that section of it providing that contract resale prices shall be binding even on non-signers—when the California Supreme Court hands down its long delayed decision in the Max Factor vs. Kunsman case. But the judicial blow at the anti-loss leader law was not foreseen. Inevitably it will darken chances for the passage of similar laws in other states this year, where chances for new enactments had seemed excellent up to this week.

Want a Vita-Clenz?

That's the question that public will be tested on by cleaners.

A NATIONALLY standardized dry-cleaning service, patterned after the Approved Laundries plan (*BW*—Jan 5 '35, p12), will advance from the paper stage to actual testing in several cities this year. Vita-Clenz is to be the name. Object: merchandising the service of members of the National Association of Dyers and Cleaners.

If the public prefers valet service with a national label to that offered by the corner pressing-shop, the association will eventually distribute Vita-Clenz franchises to members.

Rigid Requirements

To get a Vita-Clenz franchise, a cleaner must meet rigid specifications as to equipment and process. Frequent, unannounced visits from field inspectors will be made. At association headquarters, ready-made advertising layouts and sales campaigns will be on tap, all of which will cost the plant owner a graduated fee, based on sales, in addition to association dues.

The aftermath of the NRA was pretty tough on NADC. The code had scared a thousand or more cleaners into the association solely for representation in price-fixing agreements. It so happened that notice of an extra assessment, to cover legal expenses, got to the members about the same time the NRA folded up. New members and old resigned in haste, leaving the NADC treasurer holding the sack, which contained a \$60,000 deficit.

Out of the Red

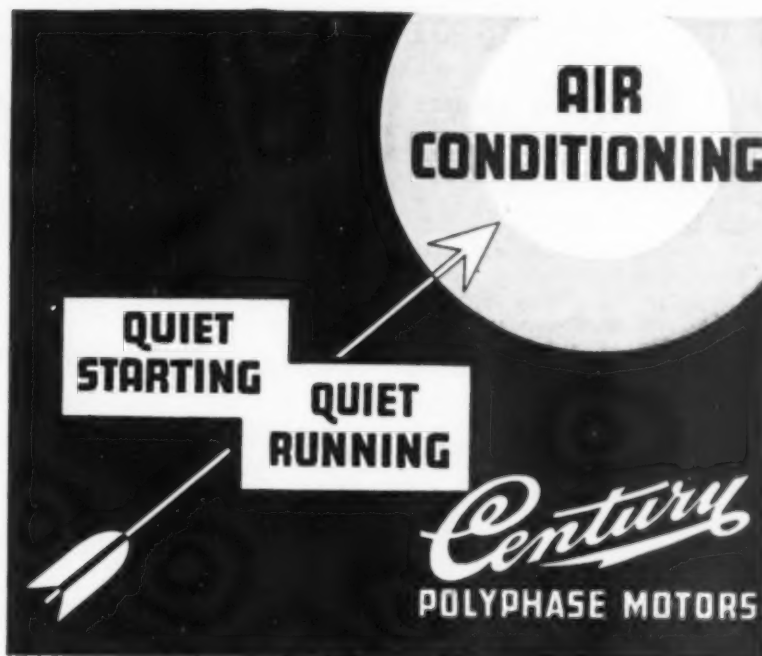
Fewer than 200 members remained on the roster as of Dec. 31, 1934. The present officers, with far more confidence than cash, last year wrangled big discounts and some cancellations from creditors, thereby pulling the association out of the red. During 1935, memberships increased more than 200%.

The trend in cleaning equipment continues toward the compact fireproof synthetic units. A common objection, that of high fluid expense, brings from the Prosperity Co. a new system, using a specially prepared chlorinated solvent for which it claims a much lower rate of evaporation, hence less loss.

A part of the system is a robot-like device, the Formatrol, which automatically performs 41 separate operations.

About half of the dry cleaners are now using naphtha, while the other half uses synthetic (chlorinated) solvents. As far as the public is concerned, there is practically no difference, but claims and counter-claims have stirred up trouble.

To get these opposing forces together in local cooperative advertising campaigns—as the Vita-Clenz plan proposes—will require one super-diplomat plus one master copywriter.



**AIR
CONDITIONING**

**QUIET
STARTING**

**QUIET
RUNNING**

Century
POLYPHASE MOTORS

You will increase the satisfaction and better the performance of any Air Conditioning and Refrigeration unit or job, by adding the benefits of—

Quiet Starting . . . Quiet Operation . . .
Unusual Freedom from Vibration . . . and
Long Trouble-free Life

that has been designed and built into
the New line of Century Squirrel Cage
Motors . . . Sizes up to 600 Horse Power.



CENTURY ELECTRIC COMPANY
1806 Pine St. • • St. Louis, Mo.
Offices and Stock Points in Principal Cities

REMARKABLY FREE FROM VIBRATION

The Hounds of Spring

They're on winter's traces (so the poet wrote); and automobile sales will be just as fast. Watch 'em go when the spring thaw sets in and the roads open up!

BLIZZARDS, zero temperatures, and icy roads have drastically cut into expected sales of automobiles and in turn have forced the paring of assembly rates. But factories and dealers know that sales in tremendous numbers are waiting to be grabbed up as soon as the spring thaw sets in and the "open road" is actually open again.

They don't think they have lost a single order; business which should have come to them in February will be piled on what they normally expected for March and April.

All They Can Sell

The unusual weather has hampered car production, with driveways and truckways reduced by hazards of driving, and with railroad shipments delayed. But operations three and four days a week have been enough to give dealers all the cars they can sell.

Incidentally, during November, December, and January, farmers bought from Chevrolet dealers 136,249 car heaters (what a winter!), 45,000 car

radios, 79,669 electric clocks, and 24,000 sets of seat-covers.

Used cars are still a leading problem. Bad driving conditions haven't helped sell them and some dealers say low monthly payments for new cars have doubled the difficulty of selling used ones.

To make matters worse, used car prices have slipped a bit. Field stocks of used cars are 550,000 units (*BW—Feb 1 '36, p14*), or higher; they are still around an all-time peak.

But despite all this the industry isn't downcast. January set a new record for that month by registering 220,000 passenger cars and 42,000 trucks. Chances are that the January-February total this year was equal to that of 1935, when the industry had the stimulus of January new-car announcements and the weather was far less severe.

Sales have been good in the South, and also on the Pacific Coast, which was not hit by blizzards until very recently.

Car manufacturers figure that most cars and trucks have depreciated as much in the past 30 days, because of the bad weather, as they normally would in an entire year. That means earlier replacements.

Luxury Coming Back

Business in higher-price cars is perking up. Packard produced over 5,000 of its One Twenties in February, and expects to build 7,500 in March, thus topping all previous months.

Lincoln has expanded Zephyr production to 125 a day, and will increase output further when more factory equipment is installed. It has been behind orders ever since the Zephyr was introduced in November, although it has been operating double shifts for the past few weeks. Chrysler and De Soto have a ready sale for every Airflow turned out.

Confidence in the comeback of more expensive cars is indicated by many announcements of added models. Chrysler is offering a sedan-limousine with LeBaron body in its de luxe 8 line; this seven-passenger car comes in two body styles. Buick has a formal sedan now available in its series 90 line, principally to cater to the chauffeur-driven trade. Packard has added a custom convertible sedan to its One Twenty series. Four new body styles have been announced by Pierce-Arrow. Dodge is reaching up for a bit of the quality business with \$995 convertible sedan.

Touring sedans with built-in trunks have almost entirely replaced standard four-door sedans in public favor, and



ALL THE WAY—No one knows Hudson Motor Car Co. better than A. Edward Barit—he started in the purchasing department when the company was organized 27 years ago. This week he became president and general manager, succeeding the late Roy D. Chapin.

will probably eliminate them by 1937. The same is true of two-door models. Except for sales to college youths, the rumble seat coupé is no longer popular. Of the cars sold today, 60% are four-door sedans, 20% two-door sedans, 15% coupés, and 5% miscellaneous models.

Not all the improvement in recent months has been centered around the Big Three. Independents are doing better than they were. Hudson, advancing its relative standing in passenger-car registrations, is in its strongest position in five years. Studebaker sold over 6,000 cars in January; it is making notable progress under Pres. Paul G. Hoffman. Nash, LaFayette, and Graham show considerable gains over early 1935.

Willys-Overland, now embarked on a program of making 15,000 cars by court order, is reported to have well-formed plans for a successful reorganization in the next year. Only Hupmobile, weakened by months of internal warfare, seems prostrate.

Strong for Streamlining

Car design in 1937 will trend toward the lines of the Lincoln-Zephyr and the Chrysler and DeSoto Airflow.

There will be further steps toward all-steel bodies and tops and toward overdrive transmissions. Rear-engine cars on a production basis still seem destined for 1938 rather than 1937, although anything can happen.

The manufacturer of an eight is expected to add a six to its line. Two or three new six-cylinder motors are planned for next year. There will be



FAMOUS NAME—Borg-Warner Corp. makes some integral part or unit for every car in the Indianapolis automobile race. To perpetuate the honor paid to winners, the company offers this \$10,000 trophy, which will bear a silver profile and record of each victor, and will be kept on display at Detroit Athletic Club.

The Mutual Life Insurance Co. of New York

First Policy Issued February 1, 1843—Ninety-three Years Ago

ON December 31, 1935, this "First American Life Insurance Company" to issue a Policy, had Assets of \$1,239,039,565, an increase of \$78,529,913 over 1934. During 1935 the Company paid Policyholders and their Beneficiaries \$138,591,009. The Company's Fund for Depreciation of Securities and General Contingencies on December 31, 1935, was \$55,769,831, and it has set aside \$24,421,034 for Dividends in 1936.

Insurance issued, including \$13,495,272 Dividend Additions, amounted to \$266,097,986, an increase of \$13,132,815, making the total Outstanding Insurance \$3,708,081,401.

BALANCE SHEET, DECEMBER 31, 1935

ASSETS			LIABILITIES AND RESERVES	
	Per Cent			
Cash	6.04	\$74,901,892.84	Policy Reserves	\$1,072,064,612.00
United States Government bonds	14.15	175,315,977.01	Supplementary Contract Reserves	53,979,577.97
State, County and Municipal bonds	3.13	38,841,937.07	Other Policy Liabilities	19,295,853.93
Canadian Government, Provincial and Municipal bonds	1.13	14,049,542.40	Premiums, Interest and Rents paid in advance	3,761,218.56
Other Foreign Government bonds05	569,233.47	Miscellaneous Liabilities	4,788,976.68
Railroad, Public Utility and Industrial bonds	32.99	408,710,004.94	Reserve against Interest on Mortgage Loans overdue more than six months	1,424,754.37
Preferred and Guaranteed stocks	1.87	23,176,150.00	Reserve for Taxes	2,942,406.06
Mortgage Loans (at cost)	19.22	238,143,421.62	Dividends payable in 1936	24,421,033.85
Real Estate (at cost or less)	4.38	54,236,357.23	Reserve for Future Deferred Dividends	149,147.19
Policy Loans	14.35	177,785,418.50	Special Contingency Reserve*	442,152.64
Premiums in course of collection	1.32	16,404,184.08	Fund for Depreciation of Securities and General Contingencies	55,769,831.46
Interest and Rents due and accrued	1.36	16,829,561.33		
Cash advanced to pay claims01	75,884.22		
Total Admitted Assets		\$1,239,039,564.71	Total	\$1,239,039,564.71

*The Special Contingency Reserve represents the difference between the values carried in assets for non-amortizable bonds and for preferred stocks and the actual December 31, 1935 market quotations on such bonds and stocks.

The Mutual Life Insurance Company of New York

DAVID F. HOUSTON, President

34 Nassau Street, New York

Everywhere men and women are giving fresh consideration to rebuilding and strengthening their plans for security against future needs through life insurance. If you are one of these,



tell us you have seen this advertisement and wish to receive the booklet, "The Dollar that Keeps on Growing," recently published by The Mutual Life Insurance Company of New York.

FIRST POLICY ISSUED

FEBRUARY 1, 1843



Bearing, gear, bearing, gear—
Roll along another year.
While you're rolling merrily,
Watch your rolling warily—
Friction gets you bit by bit,
Rolling up big deficit!

Apparently the "wheels" of your machinery may be rolling along smoothly—or at least all right, but "all right" often turns out to be very expensive in the long roll!

Lubrication has a lot to do with it. It may be over-lubrication, or the wrong grade of oil, or wrong methods of application, or other things that shoot up costs through repairs and idle machine time—and yet the correction of any of these can be very simple! In most plants lubrication costs can be substantially reduced by the Standard Oil engineer.

There's the case, for instance, in which \$12,000 per year was saved on petroleum solvents for one plant. "That'd pay my salary!" winked the plant superintendent.



Again: Friction loss was reduced 25 h.p. . . . the additional dryers and equipment were easily taken care of by the old steam unit . . . and a Wisconsin Paper Company praised the work done by one of our Lubrication Engineers. He had found loose bearings and other easily remedied faults on the machine.

Then, there were the five public school buildings using a cylinder oil which was getting back into the boilers. It was evident to the Standard Oil engineer that the oil was too heavy for the separator to handle. Capitol Cylinder Oil did the trick!



Copr. 1936, Standard Oil Co.

Write for the booklets below which interest you, or for any other information desired regarding petroleum products. Address Standard Oil Co. (Indiana), 910 S. Michigan Ave., Chicago, Ill. (273)

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| <input type="checkbox"/> "Diesel Cylinder Lubrication" | <input type="checkbox"/> "Lubrication in Grinding Operations" |
| <input type="checkbox"/> POWER | <input type="checkbox"/> "Lubrication in Gear Cutting Operations" |

STANDARD OIL COMPANY
(Indiana)
CORRECT LUBRICATION

mechanical improvements to make "an easier ride."

Tool and die programs for 1937, which should get under way by Mar. 15, are likely to be the largest in several years. Car manufacturers have been placing sizable machinery orders and have inquiries out for equipment running into the millions.

Much of the pending business isn't for change-overs; it will be for plant expansion and reduction of costs.

The only deterrent to a big spring production rush might be labor trouble. Everything appears peaceful at Detroit, but the Goodyear strike has caused automotive executives to turn anxious eyes toward Akron.

Detroit wasn't caught unprepared, for more than one manufacturer has built up at least a 30-day supply of tires, whereas normally only a week's supply is carried. Stocks of other parts have also been quietly accumulated.

What the Utility Decisions Mean

Circuit Court sustains PWA in a way that lets government take fuller advantage of TVA decision. But heart of Public Utility Act is cut out by same court.

THE private power industry, still groggy from the Supreme Court's partial validation of the Tennessee Valley Authority, took another telling blow last week when the United States Circuit Court of Appeals, in Charlotte, N. C., ruled against the Duke Power Co. on the right of the Public Works Administration to finance publicly-owned competitors of private power systems. PWA has 274 such projects.

The same court on the same day cut the heart out of the Public Utility Act of 1935 with its holding-company death-sentence, but that was scanty consolation to the belabored power interests in view of the more urgent PWA case. PWA Administrator Ickes had appeared personally as a witness to defend his right to put \$3,000,000 into the Buzzard's Roost hydro-electric project in Greenwood County, S. C. The Duke Power Co. got an injunction in a lower court on the ground that the government was invading its constitutional rights by setting up a competitor in a territory it was serving adequately.

There have been 52 injunction suits on municipal power plant financing, and now PWA has successfully fought the first of these through a Circuit Court and is trying to speed a review to the Supreme Court. The PWA lawyer is Jerome N. Frank, who was fired from the Agricultural Adjustment Administration in Sec. Wallace's housecleaning last spring.

Far-Reaching Effects

As the power war now stands, the outcome promises to be more vital to the utilities than the TVA case was.

They had hoped, among other things, to stop government invasion of their field at or near the dams. The Supreme Court in the TVA decision did not say, but is thought to have implied, that the government cannot retail power. If municipalities can be prevented from buying or building their own lines with PWA money, government competition

will be limited and its big power projects may furnish cheap current for the utilities to retail.

But the Circuit Court of Appeals held the act constitutional and the 44% grant and 56% loan to Buzzard's Roost within Administrator Ickes' authority.

More important, it held that Duke had no right to protest, "for it is thoroughly settled that competition by a county or municipality violates no right of a public service corporation doing business therein, which, as in the case of the plaintiff here, has no exclusive franchise."

Looks Like Shut-Out

Exclusive franchises being almost unknown in electrical power, utility interests read into that a blanket authority for government competition unless the Supreme Court comes to their aid.

Judge Morris A. Soper, in a dissenting opinion, provided a guide for the utilities' argument in the higher court. He held that Duke's investment in the territory gave it rights that were violated by the government's financing of duplicating facilities. He also said the government had no right to help establish "yardsticks" for forcing down private rates, and he construed the PWA funds to be a gift breaking down the local government's duty of protecting the power company from injury.

Concerning the decision on the holding-company act, utility lawyers do not agree with government spokesmen that it was "no death fall for either side."

The Circuit Court reversed Judge William C. Coleman of the United States District Court in Baltimore (BW—Nov 16 '35, p. 33), who held the whole act unconstitutional. It ruled, however, that regardless of the constitutionality of the act, it gives the federal government no authority over companies operating strictly within a state, even when properties in several states are tied together financially in a holding company.

Since 80% of holding-company oper-

ating subsidiaries are restricted within state lines, the utility people consider the decision a sizable victory.

Meanwhile utility counsel reviews its strategy for further warfare, and Washington plans more and bigger power projects. In the wake of the TVA decision there is renewed agitation for a Mississippi Valley Authority, a Pacific Northwest Power Agency, a Red River Valley Authority, and many "regional plans."

Federal projects already under way have received \$404,000,000 of appropriations and call for another \$600,000,000 to finish them. Another \$82,000,000 has been allotted to states, power districts, and municipal undertakings that will ultimately take twice that much, outside the \$1,000,000,000 in the Norris bill for rural electrification.

O Sad Regret!

Wheeler and Norris blocked Parker in 1930 and got Roberts. Now Parker decides for PWA, and Roberts swings Supreme Court.

Two United States senators are wondering if they did not make a terrible mistake when they voted to defeat United States Circuit Judge John J. Parker in 1930 for confirmation as a justice

of the Supreme Court. They are Burton K. Wheeler, of Montana, and George W. Norris, of Nebraska.

Some other senators are wondering the same thing, but it just so happens that Judge Parker, whose opinion in the Buzzard's Roost, S. C., case was so devastating to the hopes of the utility interests to check federal loans for the construction of municipal power plants, was defeated by two votes.

Needed Just One

The ballot in the Senate was 41 to 39. In fact if just one of Parker's opponents had voted aye instead of no the result would have been a tie, which would have resulted in Parker's confirmation by Vice-President Curtis' deciding it.

What is so disturbing to Wheeler and Norris and the other Progressives now is that after they defeated Parker the man President Hoover nominated was Owen J. Roberts, then supposed to be something of a Progressive himself. It was Roberts who read the court's majority opinion invalidating AAA. It was the line of reasoning running through that opinion which many lawyers think right now jeopardizes the new farm act.

Sen. Norris has been berating that opinion ever since as bad law.

Moreover, in the other case decided by the same Circuit Court of Appeals, at Charlotte, N. C., the one involving the public utility holding company act, the court overruled the lower court which in a Baltimore suit had declared the whole act unconstitutional. Wheeler, with Representative Reyburn, was the author of that act.

Primarily, of course, the fight against Parker in the Senate was made on two grounds. One was that Parker had irritated organized labor in his famous Yellow Dog decision. The other was that Negro leaders were bitter against him because of a case involving race discrimination.

But these would not have been enough if it had not happened that the



LET'S GO FOR A RIDE—The doggie is about to enjoy a boat trip, in which the new Bendix electric outboard motor will do all the work. The motor weighs 18 lb., is entirely submerged and thus 100% noiseless in operation. It is advertised to run from 12 to 14 hrs. at better than rowing speed, from an ordinary 100-amp.-hr. automobile battery. The use of two or three such batteries doubles or trebles the speed, according to the manufacturers.

Business Week

STEEL OFFICE CHAIRS

BEAUTIES TO LOOK AT

BEAUTIES TO SIT IN

LIGHT IN WEIGHT



NOW steel office chairs take on an entirely new importance! Beautiful design and luxurious comfort are now combined in the modern manner in steel chairs. Here are chairs beautifully done in steel yet ruggedly constructed — with less weight than comparable models in wood. Equally important is the fact that this distinguished line of chairs is moderately priced, quality and style considered.

FREE Write for brochure, entitled "Smartly Styled in Steel by Harter," giving all details. Dealers: Some sales territory still open.



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Applications of purification by "adsorption," mildly interesting in the laboratory, become modern miracles when translated into volume.

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DARCO, a highly activated carbon, is the leading "adsorptive" agent—not only in purifying water supplies, but in making great volumes of industrial process liquids pure, clear and odorless. DARCO is now used to purify vegetable oils, sugars, syrups, fats, waxes, pharmaceuticals and chemicals, as well as water.

DARCO is another product of the Atlas family that includes chemicals, explosives, industrial finishes and coated fabrics.



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Progressives in the Senate, of both parties, voted unanimously against him. The vote being so close, any little factor would have changed it.

Parker was attacked at the time as a "reactionary." The Progressives in the Senate had already turned on Hoover. So when the claim was made that the appointment of Parker to the Supreme Court would cinch North Carolina as a Republican state, the Senate Progressives saw red.

It was Wheeler who actually led the fight against him.

And now Roberts, who got the appointment because of this fight made by Norris, Wheeler, and other Progressives, holds the balance of power, according to current legal gossip, in the Supreme Court. He has been with the majority in practically every division.

It is declared in Washington that most 6-to-3 decisions are actually 5-to-4—that Chief Justice Hughes is so anxious to avoid 5-to-4 decisions he sometimes goes along with the majority.

In fact, when someone close to Justice Roberts heard talk about his nomination by the Republicans for President, this friend commented that it was more important to decide Supreme Court decisions than be President!

Rise in Wrath

REA thinks it's all right for farm co-ops to get wholesale rates; electrical trade protests.

HORNETS are swarming around the heads of the Rural Electrification Administration. The farm cooperatives, organized to build federal-financed rural power lines, have been asking manufacturers of electrical household appliances for wholesale factory prices. They want to consolidate their buying of clothes washers, ironers, refrigerators, pumps, and other equipment. The appliance trade is naturally rising in wrath.

But it sounds like a smart idea to REA. They figure that the dealers in the neighborhood have no "vested rights" in this territory hitherto unserved, and should not object to being by-passed by the cooperatives, since they will probably enjoy part of the business that accrues along the new lines later on. But the dealers do not see it that way. Neither do the manufacturers.

They foresee this principle of group buying applied not only to household appliances but to wiring materials and lighting equipment as well. It threatens to break down their distribution.

They are already selling other successful cooperative farmer organizations in the West that are "retailing legitimate merchandise in a legitimate manner." These cooperatives handle standard products, conduct their business along accepted lines, operating much

like any other dealer, and paying their members a dividend for earnings.

But mere group-buying, the manufacturers argue, is something else. This loose setup provides no sales promotion. Moreover, as to "vested rights," many of these rural dealers have long been selling washing-machines driven by gasoline motors and other equipment that the farmer uses. Group buying strikes at their very livelihood, for there is no assurance that, once established, it will not embrace anything that the farmer needs.

Back-Scratching

Automobile manufacturers imply railroads' appeal is a boycott.

THE Automobile Manufacturers Association is distributing among truck organizations copies of a leaflet circulated by railroads designed to induce employees to buy only rail-shipped goods. While admitting that circumstances aren't "necessarily similar," the motor group mentions in passing the fining of the Nevada Northern Railway for attempting to boycott truck users.

The appeal to railroad workers is broadcast by the Chesapeake & Ohio, Pere Marquette, and others. It mentions all competitors but ends by singling out motor trucks. Railroaders are urged to patronize only retailers using their form of transportation. ("If you are to continue a good customer, you must keep your job. . . . Your job becomes uncertain when he [the store-keeper] gets his freight by truck").

The campaign is another form of the back-scratching appeal. It has been employed by many, including motors.

Customers' Men

Seventy-five pass new exams to improve the breed.

THE New York Stock Exchange grimly pursues its determination to improve the breed of customers' men. Unscrupulous or unwise customers' men helped intensify resentment against Wall Street after 1929 (*BW*—Dec 21 '35, p 20). New and severe examinations for such jobs were instituted on Feb. 1. Seventy-five employees of member firms have passed the test.

Graduates and old employees have three textbooks to guide their conduct. The primer is "Suggestions in Opening and Handling Accounts." The others are "What a Customers' Man May Lawfully Tell His Customer" and "A Summary of Rules and Regulations." New ratings provide the rank "customers' man" for approved employees and "junior customers' man" for probationers who haven't taken the tests.

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Since Burroughs prints ciphers automatically, there is no time wasted writing them; no danger of error in writing too many or too few ciphers. The short-cut keyboard is the only one that provides this great saving in time and effort.

★ *Faster Wings...*



The *NORTHERN LIGHT*, Boston-built clipper ship, in 1853 made the fastest sailing time ever recorded between San Francisco and Boston—76 days, 6 hours.

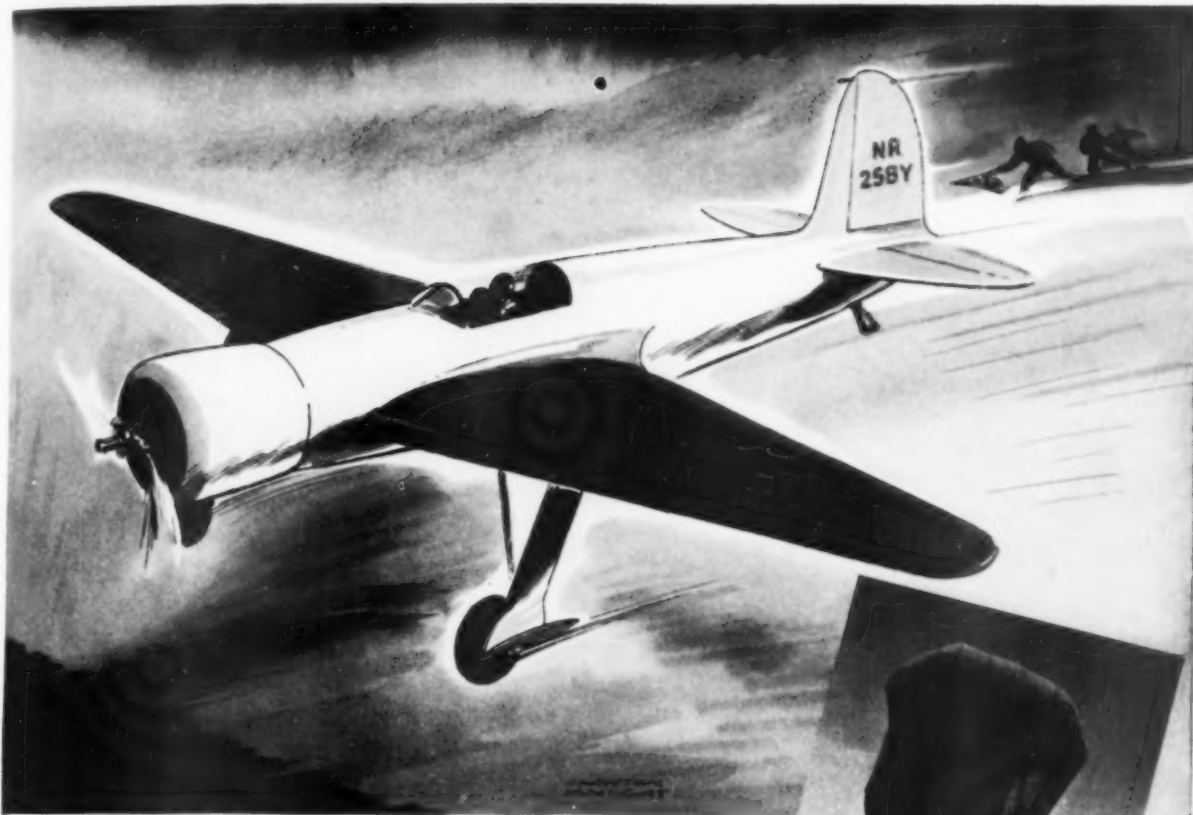
Painted for Wellington Sears Company by Charles Robert Patterson, noted marine artist, this famous ship is shown "making sail" outside the Golden Gate as she heads south on her record-breaking voyage around the Horn.

NINETY YEARS AGO, in the middle of the last century, the great sails of the record-making clipper ships of the Yankee merchant marine required the stoutest, most dependable cotton duck

obtainable. Canvas for many of these sails was supplied to saillofts throughout New England by Wellington Sears Company, then located on Boston's famous T Wharf and operating as N. Boynton & Company.

WELLINGTON SEARS

... Then and Now



World's fastest land plane. The wings of the record-smashing monoplane owned by Howard Hughes, in which he averaged more than 352 miles per hour, are covered with Wellington Sears H H Balloon Cloth.

TODAY, records are being made in the air with the aid of Wellington Sears' fabrics.*

Throughout these ninety years our mills and their products have kept pace with the changing and expanding needs of American industry. For years we have worked with the engineers and purchasing agents of leading industries in developing fabrics suited to their particular requirements. Among these industries are the aeronautical, automotive, railroad and other transportation industries; the rubber, chemical and machinery manufacturing fields; and the makers of tents and awnings.

The complete services of seventeen mills backed by adequate engineering skill and laboratory facilities, assure you of ultimate economy. We invite inquiry regarding specific problems.

* B*A*30 aviation fabric and BB and HH balloon cloths. Other famous Wellington Sears fabrics are COLUMBUS Sheetings, OCEANIC Numbered Duck, SUPERIOR Army Duck, ANCHOR Filter Fabrics and WELLINGTON garment fabrics.



Man's highest. The great envelope of the stratosphere balloon which ascended to the record height of nearly 14 miles, required over 2 acres of fabrics, developed by Wellington Sears for the Goodyear Zeppelin Corp.



Double Winner. Benny Howard's high-wing monoplane, "Mr. Mulligan," which won both the Bendix and Thompson trophies, 1933 National Air Races. Wellington Sears' B*A*30 fabric covered the wing surfaces.

COMPANY 65 WORTH STREET, N. Y.



In the Men's Bar—The Ritz-Carlton, New York City

"... so I think it's perfectly safe to let those advance orders stand. Business Week reports department store sales up 7% in the coldest January in years. When the mercury starts up, retail buying is due for a sharp upturn, too."



SLICING THROUGH FLORIDA—This Link-Belt conveyor system, Timken bearing-equipped and 800 ft. long, is moving Florida soil out of the way and stacking it up at the side at the rate of 12,000 cu.yds. a day, for the 200-mi. ship canal. The dirt is excavated and delivered to the system by two Link-Belt crawler draglines. As the canal is dug, the entire conveyor is moved along by tractors.

Flourishing Florida

Resort hotels are jammed despite bad weather and high rates. Sharp increase in building.

CITIZENS of the snow belt, frazzled by an outrageous winter, view with unholy satisfaction news pictures of Florida vacationists in overcoats. Business men in the resorts suffered cold chills at the thought of tourists sending home complaints of dark, rainy days, but the season finished with a whoop that promised to surpass last year's golden visitation.

Business Week's representative among the rain-washed palms reports conditions delightful to hotel owners, but irritating to guests. Though new building in Miami Beach provided for many more tourists than last year, his two-day search disclosed but one room and one apartment available. The room (over a garage) was \$18 per day; the apartment (1½ rooms) \$400 a month.

Bitter Winter Helps

March 15 is the official end of the season, and the hotel-keepers are getting theirs while the getting is good. Miami owners were jittery at first. They feared the effects of that memorable hurricane. Then the tourists started coming too early. But severe weather in the North produced hordes of visitors. Prices have softened at times but the final rush sent them sky-high.

One big Miami apartment hotel, finished in the middle of winter, was jammed in two weeks. It reports 75% reservations for next year. Kicks are plentiful. Some persons arriving with reservations complain that they are told no rooms are vacant or prices have been hiked. Many Floridians are worried about possible harm to future business.

The big Miami stampede is reflected in other sections of the state. The Pennsylvania Railroad estimates the traffic from New York to Florida at 20% above the 1934-35 season. It has added 108 extra sections to its three Florida trains. Of the extra cars re-

quired most of the winter, 708 were routed to Miami, West Palm Beach, and Jacksonville on the East Coast, and 78 to St. Petersburg, Sarasota, and other West Coast points. This is a sample of the general railroad experience.

Most significant is the evidence that Florida has recovered from the foolishness of 1926, which shook the resort towns long before the rest of the country hit the toboggan. Walter Wilson, president of the Florida Real Estate Boards, reports total transactions in the state for nine months of 1935 at \$33,125,000, greatest since the 1926 boom.

Building Up 265%

The Federal Home Loan Bank estimates new building for Florida towns of over 10,000 population at \$6,817,600 for all of 1935. This is 265% above the \$1,868,600 of 1934. Heavy construction (public works, etc.) was 86% higher than in 1934.

Miami Beach affords a sampling of the building revival. In this town of 13,300, some 257 new residences, costing \$2,938,000, were built in 1935. The average (around \$11,400) is especially high when the light construction allowed by the mild climate is considered. During the same period, Miami Beach built 22 hotels, costing \$1,761,500, and 85 apartment houses.

Florida produces many things, from oranges to souvenir alligators. But this season there is special significance in the ancient chant which accompanies the chiming of the cash registers: "The best crop is the tourist crop. It never fails."

Too Tough to Crack

Railroads, in long-haul fight, buck trucks, ships, ICC, and Eastman.

RAILROADS are not likely to beat the forces that are opposing repeal of the prohibition against charging a lower rate for a long haul than for a short haul over the same route.

Truckmen have joined hands with



ONE STEP from Your Train TWO STEPS from Anywhere

• When you get off your train in Cleveland's Union Terminal, say "Hotel Cleveland" to the redcap—and you're in the lobby in a moment—no time or taxi fare needed. • At this Hotel, all Cleveland is at your doorstep. Whether you come for business or pleasure, you are nearer more of the places you'll want to see than you would be in any other hotel. • But convenience isn't all you find here. The food is exceptional. Prices of everything are moderate. Furnishings are luxurious. And there's something that's hard to define—an atmosphere, a friendliness, a genuine interest in your comfort... it never appears on the bill, but it's worth a lot to any man or woman away from home.



• Reached by covered passage from Cleveland's Union Passenger Terminal. Room rates from \$2.50 for one, \$4 for two.

HOTEL CLEVELAND
Cleveland

water lines to keep such protection as they now have from railroad rate-cutting at competitive points.

Neither the Interstate Commerce Commission as a whole, nor Transportation Coordinator Eastman (who is also a member of the ICC) endorses the Pettengill bill, under which the railroads would no longer have to obtain the commission's permission to reduce rates to any destination without making corresponding reductions to intermediate points.

Mr. Eastman told the House Rules Committee this week that unrestrained rate warfare would be injurious. The

Pettengill bill has been shelved on the House calendar since last session. Mr. Eastman prefers the pending bill for regulation of water carriers, a companion piece to the Motor Carrier Act, which became law last August.

Chairman Wheeler of the Senate Interstate Commerce Committee is waiting to spike the long-and-short haul bill in that committee, whether the water carrier bill gets anywhere or not. The Montana senator voices the fear of the Mountain states that lower transcontinental rates made to meet Panama Canal competition will boost rates between interior points.

Selling and Flying

Air lines push joint sales of travel cards and scrip-books to business firms. More than 1,000 contracts sold in first month of the plan.

TWENTY air transport lines, which on Jan. 1 began the joint sale of air travel cards and scrip, have made a success of the plan. By Feb. 1, more than 1,000

contracts had been signed with corporations and other organizations.

The scrip-books provide \$500 worth of coupons, of varied denominations, which can be used by any member of the organization in buying regular tickets to any point on these lines. They sell for \$425, which gives a discount of 15% on a one-way ticket.

To get the travel cards, a company pays a cash deposit of \$425 and receives identification cards for all its traveling employees, who thereafter buy regular transportation at any ticket office at a 15% discount, the cost being billed to the company.

Many of the larger companies are using them extensively, among them General Motors, Sears Roebuck, General Electric, Westinghouse, Cudahy, General Foods, United Fruit, and American Tobacco. So far, the General Electric Co. is using the largest number of cards.

Travel cards bear the names of all 20 transport lines, but the name of the line with which the contract is made is printed in larger type. This is the only



COMFORT — Airlines are keeping their passengers' comfort in mind by heating or cooling the air within cabins, as needed. This air conditioner can be used either way, to warm the air until the steam heaters have begun functioning after takeoff, or to cool the air in summer.



THE DAY IS NEAR—Great air fleets operating at 30,000 or 40,000 feet, both in war and in peace, are described by Leighton W. Rogers for a Senate Committee as he testifies in the air safety hearings. Mr. Rogers, as president of the Aeronautical Chamber of Commerce, predicted the day will soon come when commerce will be enormously expedited by the use of new high-speed transports.

advantage it obtains over a competing line, except that when selling the cards it naturally impresses the customer with the advantages of its own service.

Many of the transport companies are now building up special sales staffs to call on the leading industries. For example, United Air Lines has seven salesmen calling on business executives in the New York district alone.

Salesmen report that the easiest people to sell right now are the financial, textile, clothing, liquor, and entertainment industries. The hardest to sell are companies with elaborate purchasing procedure, which puts a wide gap between the traveling man and the Big Boss.

Breaking Down Prejudice

The age of the chief executive has a big influence. The young executive is apt to be air-minded, but the old chaps often frown on air travel, as expensive, and are hard to sell on the cash value of the time saved. But flying competitors are steadily breaking down this prejudice.

And speaking of competition, there are many customers of the air lines today who have to be handled on a very confidential basis. Executives of railroads and of railroad suppliers, are flying constantly but keep it secret, for fear of embarrassing their own service or getting in wrong with their customers. But many of them have air travel cards or scrip-books tucked in their wallets just the same.

About 30% of the air transport passengers are women. They are, first, buyers; second, lecturers and speakers; third, movie people; and fourth, social travelers.

Business travel runs a high percentage at this season. But soon convention

travel will dominate, and later on vacation travel will eclipse it, and the selling staffs of the air lines will be swung over to work these markets.

The key to the patronage of the business man right now is comfort and reliability of service. So the transport companies are working towards larger, easier-riding planes, with sleepers for night travel, and with auxiliary cooling or heating of planes while they are grounded at airports, en route.

Sounder Sounds

RCA demonstrates ultra-violet ray recording for movies that is said to correct distortions.

BELL TELEPHONE'S Electrical Research Products, Inc., recently liberalized its sound-equipment contracts with motion-picture makers, thereby allowing the Radio Corp. of America a larger share of the business (*BW*—Jan 18'36, p16). Now the RCA Manufacturing Co., a subsidiary of Radio Corp., comes forward with something new to sell the talkies. It is demonstrating an improved system using ultra-violet rays in sound-recording.

Studio executives have long worried over the hissing which mars the reproduction of sibilants (as in pronouncing the letter "s") and the fuzzy recording of high notes of the human voice or musical instruments. The ultra-violet ray is said to correct these faults and to make all movie sounds more truthful.

Women's voices will be especially benefited, since their vibrations are more likely to fall in the high frequencies.

Sharp Focus Impossible

The many wave-lengths in white light prevent the focusing of "more than a small number of these . . . sharply enough at one time," explains RCA. The result is a blurred image on the sound track and a "certain amount of distortion" through a too-deep penetration of the emulsion.

The new RCA system filters out all wave-lengths except a narrow band in the ultra-violet spectrum which is invisible to the unaided eye. The result claimed is a clear-cut image on the sound track with a corresponding improvement in sound emitted through the movie screen.

Demonstrations to cinema magnates in New York are a prelude to a sales campaign aimed at Hollywood studios. The new system involves simple adjustments to the present RCA recording equipment, mainly a sharper focusing of lenses and the use of the light-filter.

Since RCA and ERPI have a cross-licensing agreement on patents, the development is available for ERPI machines. But it is said that this would involve much more radical changes than is necessary with RCA installations.

a Line

71 years long...

. . . including some 600 differing oils and heat-treating products that have been major factors in changing a nation built on wood into utter dependence on steel. • The Houghton Line—famous today as it was when Franklin Institute medaled it for petroleum research in 1874. • You'll find its items preferred in leading metal, textile and industrial plants the world over. Ask your maintenance man, "Have you tried Houghton?" • E. F. HOUGHTON & COMPANY, PHILADELPHIA. Plants: Detroit, Chicago, Manchester (England), Paris, Berlin and Genoa.

THE HOUGHTON LINE OF INDUSTRIAL OILS AND LEATHERS

How to Write Better Business Letters

by EARLE A. BUCKLEY

Advertising Counselor, Direct Mail Specialist, Correspondence Supervisor

McGraw-Hill Practical Business Manuals

185 pages, 5½ x 8, \$2.00

Practical pointers and examples on:

- analysis of complaints
- believability
- closers
- letter "don'ts"
- illustrated letters
- following up inquiries
- good opening paragraphs
- use of order blanks
- testing letters
- routine letter handling
- teaser letters
- short cuts in handling correspondence, etc.

A careful outline of the methods used by successful business letter writers, together with practical pointers on how to apply these methods to specific problems.

The book presents not only helpful information but also a wealth of usable material. The points are logically discussed, from the elements that can make the letter productive, through to the actual building of letters from start to finish.

The author says, "In writing this book, I had a specific but very large group of prospective readers in mind. . . . The average writers of business letters who could be good or even outstanding letter writers with a little of the right kind of study and application.

See it 10 days—Send this coupon

Just Published



McGraw-Hill Book Co., Inc., 350 W. 42d St., N. Y. C.

Send me Buckley's *How to Write Better Business Letters* for 10 days' examination on approval. In 10 days I will send \$2.00, plus few cents postage, or return book postpaid. (We pay postage on orders accompanied by remittance.)

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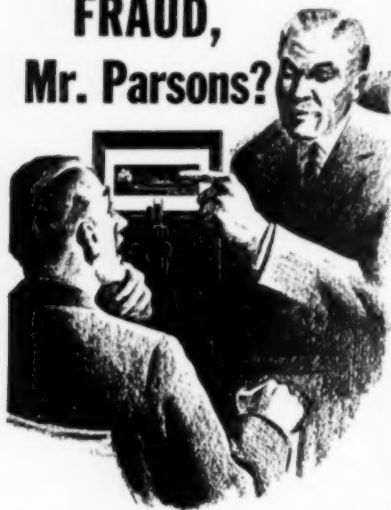
City and State

Position

Company BW-2-29-36

(Books sent on approval in U. S. and Canada only.)

Should I Say FRAUD, Mr. Parsons?



A crooked bank depositor may destroy one of his cancelled checks—swear he never wrote the check he cashed . . . and perhaps be able to force the bank to “make good its error.” Without the cancelled check the bank has no incontestable proof—no sure protection—unless there is a photographic record of the check. Then the bank can show the thief a facsimile of his handwork and nail the fraud.

These new check-photographing machines employ built-in Veeder-Root Counting Devices to identify film records. One counter tallies all the checks as they are photographed. The operator sets the other by remote control. One of the number panels of this counter appears in the picture of the check. A second panel with its figures drawn backwards is reflected by the mirror in front of the operator. The mirror shows him the number in normal order for verification.

By building Veeder-Root Counters into this machine the manufacturer has increased its utility and improved its sales. Look at your product with a creative eye . . . and if there is the slightest chance of building into it a counter—and a newsales feature, write. We'll put 50 years of experience and the world's largest counter-manufacturing organization at your service.

VEEDER-ROOT COUNTING DEVICES supply the production records on which modern management can base its planning and scheduling, calculate wage payments.

VEEDER-ROOT KEYSTROKE COUNTERS on typewriters increase typing efficiency, cut costs.

VEEDER-ROOT HAND TALLY COUNTERS have unlimited uses in offices, factories, laboratories, etc.

VEEDER-ROOT
INCORPORATED
HARTFORD, CONN., U. S. A.

Business Broadcasts Abroad

Leading American advertisers take to the air in developing foreign markets, particularly in Latin America. Volume up 700% last year.

USING a minimum of 18 radio stations in Latin America during the next few months, General Motors Export Co. will sponsor through its distributors broadcasts of a 72-piece symphony orchestra. Final touches are now being put on the electrical transcriptions and accompanying continuities.

Last week, Crazy Water Crystals signed for about \$50,000 of broadcast time (a quarter-hour program five times a week for 52 weeks) on Radio Luxembourg, Europe's most popular commercial station.

These are only two of a good many straws in the wind, all blowing definitely towards a more complete development by American manufacturers of their export markets via the ether medium. Last year, foreign broadcast advertising was up an estimated 700% over 1934. Business on the books for the first four months of this year has already passed the 1935 total.

The largest part of this radio advertising is going to Latin America. One reason is the improved trade relations and prospective market opportunities south of the Rio Grande.

Few European Outlets

Another reason is the paucity of commercial broadcasting facilities elsewhere than in the Americas. Outside of the powerful Radio Luxembourg in the Grand Duchy, the only stations of consequence to advertisers in Europe are Poste Parisien, Radio Normandie, Radio Toulouse, and EAQ Madrid.

With the Hitler edict banning all commercials in Germany Jan. 1, only France and Spain remain open for business. Norway permits advertising 15 minutes a day, Italy 40 minutes a day, and Belgium and Poland allow short spot announcements under restricted conditions on a few stations of unimportant coverage.

Outside of Shanghai, probably the most important stations in the Orient are those few in North China and Manchukuo, which have recently fallen under Japanese domination. Present indications are that Japan will permit these stations to continue accepting commercials, despite the domestic ban on such programs. Australia and the Philippines boast several big outlets and India has four stations. South Africa recently banned all commercials.

In contrast, Central and South America are wide open to exploitation, and the high rate of illiteracy makes radio virtually the only effective direct-to-consumer advertising medium. Loud

speakers in public squares help spread the advertising gospel.

When American radio advertisers began looking to the south in increasing numbers five or six years ago, most broadcasts were placed by local distributors, some on orders direct from the home office, some on the distributor's own authority as a result of the advertising allowances accorded him. Discounts, deals, rebates, and rate chiseling were common practices. Only the few programs that were placed by the foreign offices of American advertising agencies were handled in accredited fashion.

Representatives Enter Field

Now that picture has changed radically. Rates, ranging from \$3 or \$4 an hour to quotations which compare with those set by the big stations here, have become stabilized and the whole business is regularized, largely as a result of the entrance of responsible brokerage agencies, operating chiefly from New York, with branch offices in the main Latin American cities.

Half a dozen such agencies are now functioning, though most of the business is placed by the Conquest Alliance Co. and Broadcasting Abroad. Between them these two agents have some 70 principal stations on their exclusive representation lists.

Because few advertising agencies have branch offices there, the special representatives perform many agency service jobs. Conquest Alliance, for example, builds transcribed programs, writes continuities, buys local talent for spot programs abroad, merchandises the broadcasts through dealers and distributors, buys time and bills it, furnishes sworn guarantees of program performance, and checks results.

No Chain Programs

Such services have special value because it is necessary to deal with a number of independent stations rather than organized chains.

During the past few years, one-minute and five-minute dramatized commercials have enjoyed wide popularity, but with the rising tide of complaint about “too much sales talk,” this vogue is rapidly giving way before the typical American 15-minute or half-hour entertainment program.

Partly as a result of this trend, and partly because it is difficult to adapt the transcription technique to local Spanish idioms in various sections, 70% of the American broadcasts now feature live talent—amateur hours, dance bands,

variety shows, and dramatic presentations.

Many big names in American advertising have been made equally well known by the radio in Latin America. Among them are Standard Oil of New Jersey, Shell, Sunoco, General Tire, Ford, General Motors, Packard, Chrysler, Listerine, Pepsodent, Squibb, Colgate, Lever Bros., Sapolio, Heinz, Quaker Oats, Ipana, Forhan, Gem, Gillette, Bayer, Kolynos, Tangee, Cutex, RCA-Victor, Philco, Zenith, General Electric, Westinghouse, and Parker Pen.

Although American products dominate the Latin American air waves, British, German, French, Spanish, and some Japanese and Canadian goods are also being plugged over the air.

The most popular stations include XEW Mexico City, TGX Guatemala, HRN Honduras, YNVA Nicaragua, HJ1ABE Medellin, YV1RC Caracas, PRA3 Rio de Janeiro, PRF3 São Paulo, LR1, 3, 4, and 5 Buenos Aires, OAX4A Lima, CB114 and 98 Santiago (Chile), WKAQ and WNEL Puerto Rico, CMW, CMX, and CMQ Cuba, HIX Santo Domingo, and HP5F, J, and B Panama.

Cheap Wire-Photo

New York Times announces low-cost system of picture transmission, using regular telephone lines.

AFTER more than two years of scientific experiments and of legal wrangling to blanket every new process and part with patents, the *New York Times* last week announced a new and revolutionary system of low-cost picture transmission by wire.

It was developed by Austin Cooley, working in close collaboration with engineers of Wide World Photos, a *Times* subsidiary. It makes it possible to transmit pictures over ordinary telephone wires at regular station-to-station rates.

Other wire-photo services require expensive transmitting and receiving machines, and involve heavy line-charges for special leased wires. The new Wide World sending equipment weighs only 75 lb., including the battery, and can be fitted under a Pullman chair or into a rumble seat.

The entire equipment works by an induction process, and no physical contact with any telephone wire or instrument is required. In transmitting, an ordinary glossy print is fixed on a metal drum and revolved at the rate of 45 times a minute.

The picture is scanned by a light-beam which passes into a photoelectric cell, where the light is converted into electrical impulses. These are then "put on the wire" by an inductive process. In receiving, the technique is reversed.

The machine has proved its ability

FOR SALE MODERN BOILER AND FABRICATING SHOPS COMPLETELY EQUIPPED



• LAND 22 Acres

• BUILDINGS

172,000 Sq. Ft. Floor Space with adequate Crane service.

Includes 2 steel frame shops:

1—100' x 404'

1—80' x 296'

• MACHINERY

Modern machinery and equipment for manufacture of water tube boilers, Class One Welding, heavy steel fabricating, etc.

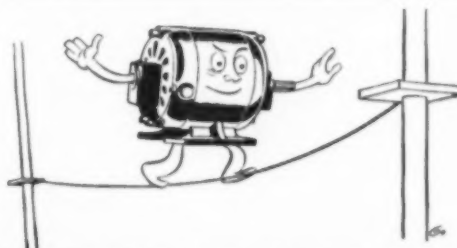
• LOCATION

Edge Moor, Delaware, on the main line of the Pennsylvania Railroad Company, 3 miles north of Wilmington, Delaware, and 22 miles south of Philadelphia, Pennsylvania.

1200' frontage on the Delaware River. 700' from 35' ship-channel.

• FOR FURTHER DETAILS:

Communicate with the Receivers for Edge Moor Iron Company, Edge Moor Delaware



BALANCE IS THE THING

Unbalance in a motor means excess vibration, noise, wear. So we test all high speed R&M motors on dynamic balancing machines and make corrections until a tiny beam of light, sensitive to the slightest vibration, shows perfect running balance.

Many electrical-appliance manufacturers are just as particular as we are. So they come

to us for the answer to their motor problems—and nine times out of ten they get what they came for. Which means a better appliance for you to buy, for your home, office, store, or factory.

Make it a point to look for the R&M nameplate on the motor of any appliance you buy. It's a mark of all-round dependability—well worth finding.

Robbins & Myers

Founded 1878

Robbins & Myers
Inc.
Springfield, Ohio



The Robbins & Myers Co.
Ltd.
Brantford, Ont.

FANS • MOTORS • HAND AND ELECTRIC HOISTS AND CRANES

The Key to Faster Capital Turnover



Though "The Factor Finds Fresh Fields" is a plain, unpretentious business booklet... it has provided leading manufacturers in almost every branch of industry with the key to a serious problem of management. Clearly, concisely, convincingly... it presents commercial factoring as one of the newest and most effective business instruments at the disposal of alert industrial executives.

If you are struggling under the handicap of inadequate working capital... if you are foregoing sales or production opportunities because of a shortage of funds... if you would like to speed your capital turnover and eliminate credit risks and collection losses... the coupon will bring your copy of this valuable booklet promptly.

**COMMERCIAL FACTORS
CORPORATION**
TWO PARK AVENUE
NEW YORK

COMMERCIAL FACTORS
CORPORATION
Dept. B-289, Two Park Avenue, New York
Send your booklet, "The Factor Finds Fresh Fields", and other facts on commercial factoring.

Name.....
Firm Name.....
City..... State.....



CUSTOMER'S DIVIDEND—Certificates resembling dividend checks were mailed this month by Coast Counties Gas & Electric Co. of Santa Cruz, Calif., to all of its domestic consumers in the amount of 50% of their January electric bills, to apply on purchase of electric appliances from local dealers. In two weeks, nearly one-fourth of the 17,000 customers used their certificates.

to transmit pictures, without distortion, over the telephone companies' so-called "circuit carriers" as well as over the metallic circuits.

The first of the wired pictures published in the *Times* was that of the wreck of the *Macon*, which crashed on the Pacific Coast one year ago.

Occasional other test pictures have been published since that time, one of the most recent being the crash of the *Southerner*, the American Airliner, in

Arkansas last month. That picture was transmitted to New York in 13 minutes at a cost of \$8.35 and was clear enough to blow up to a half page.

Lease prices have not been quoted, but the *Times* has said that transmitting equipment will be available at the cost per week "of a good office boy." Receiving equipment will approximate the salary of the least efficient reporter. And the equipment is said to be so simple that either of them could run it.

Bouncingly Bullish

Rubber prices jump to a point about equal to the 1934 peak as consumption here hits all-time high.

RUBBER prices have a lift to them lately that has inspired the trade with optimism. This month the crude product commanded the highest market values in six months and just about equaled the pinnacle of 1934, when the announcement of international restriction whooped prices into a quintuplet of the 1932-33 lows.

One reason is the fat and sassy condition of rubber consumption in this country. Last year, thanks to the automobile industry's big year, we used more rubber (500,000 tons) than ever before, including 1929. For the month of January the same gala rate prevailed.

Another reason is that the British-Dutch restriction scheme, at the age of 1½ years, is beginning to work.

During 1935, world rubber stocks were squeezed down by about 13%. This year 15% additional is hoped for. The United States is stocked up for six months ahead now. A year ago the inventory was a nine months' supply.

Between these two happy items, the rubber trade is in a resilient mood, tempered with some concern over whether

the international restriction pact is going to work out just right, since the native producer of the Dutch East Indies is hard to control.

Starting at 1½¢ per lb. on June 1, 1934, the white man's competitor in the Dutch Indies has been taxed progressively upward to the present rate of 10¼¢ per lb. The first rate was just a laugh, but the last one may hurt.

Rubber restriction is really a glorified system for protecting the Europeans' regulated plantations from the superior rubber-growing ability of the native, who turns his rice fields into rubber jungles and can beat the plantations by 50 lb. of production to the acre per year, and will produce rubber for any price he can get—even 2¢ a lb.

The white folks are having a hard time fitting the Dutch East Indies production quota of 499,000 tons to the fact that the potential native production alone is 700,000 tons. But the tax on the native producers is up to a point where it may help a great deal. If so, then rubber prices are in for better times. However, there will be no runaway, for



Who's who *DAILY* in this increasing activity in the building of buildings?

Here are some impressive comparisons to help manufacturers selling the building industry get the measure of their increasing market:

Construction of commercial buildings is 211% ahead of a year ago.

Construction of public buildings is up 212%.

Construction of industrial buildings has a 15% increase over the progressively increasing volume of 1935.

Private construction is 83% ahead of a year ago while public construction is 97% ahead.

Who's who in this swelling surge of building? Who's paying for it? Who's doing the designing? The construction work? Who's buying the building equipment and materials?

The McGraw-Hill *Construction Daily* identifies building work in the proposed stage. It identifies the work again when owners bob up to ask for bids. It announces low bidders. And it announces finally the awards of contracts, identifying the contractor and owner.

Thus the *Construction Daily* is a running directory of men who are concerned with the immediate spending of money for construction equipment, materials and labor.

THIS COUPON WILL BRING TO
YOU THEIR NAMES AND JOBS

CONSTRUCTION DAILY

330 West 42nd Street,
New York, N. Y.

Please send me by first class mail a month's subscription to the *Construction Daily*, beginning..... I am enclosing \$10.00 (Air mail or special delivery, \$1 per month extra).

Name

Company

Address

synthetic rubber alone could keep natural rubber prices under a dollar.

But the synthetic article is not at all looked upon as a hostile competitor of natural rubber. On the contrary, the rubber people think it is a good thing. It does work that natural rubber was never able to do. It fits situations that call for chemical substances that act on natural rubber as solvents.

When Adolf Hitler recently announced that Germany had synthetic rubber developed to the point where the country was completely independent of natural rubber, the trade chuckled. At enormous cost, Germany might do it, since she consumes a mere 60,000 tons of rubber annually. Its application here, where we consume eight times as much, is not so far-reaching.

More Modernization?

Of course, but business men split on whether government should continue to insure modernizing loans or leave priming job to private enterprise.

BETWEEN now and Apr. 1, Congress must decide whether to let the Federal Housing Administration continue promoting and insuring loans for modernization. That day Title I of the National Housing Act runs out unless re-enacted. So far, more than \$3,250,000 worth of business has been done under this modernization loan section of the act. Now what?

Business men are sharply divided about whether Title I should be extended. Their opinions depend largely on their personal success with home modernization sales in the past year. This is shown in the results of an in-

quiry which *Business Week* addressed to leading companies in industries interested in modernization.

A majority favoring extension of Title I believe that—

(1) Much momentum has been given to home modernization and another year of promotion will increase the volume.

(2) Many financial institutions are just developing this business to a profitable point and will quit the activity if government support ceases.

(3) National publicity and local campaigns stimulated by Washington are necessary to maintain the present volume, would not be provided by industry.

(4) New construction activity, although increasing, is still subordinate to modernization as a market.

One large paint and varnish manufacturer says—"Title I has been a great help and well managed. Not to continue it will risk slowing up recovery." A prominent roofing concern writes—"Modernization unquestionably still needs government support and promotion. Its efforts have been most constructive in teaching the public to avoid waste through inferior goods and poor workmanship." From a leading air-conditioning manufacturer—"I consider it very important to our business. We did not get started until late last year. We would like to see it continue." A big stove firm—"Title I has given manufacturers confidence. It is absolutely necessary. Private financial aid is not available to do the same job." A plate glass company adds—"The building industry should be able to carry on without Title I, but government withdrawal might result in credit corporations' advancing rates." And from a raw material firm—"This has been one of the most sensible and productive jobs done by the New Dealers."

On the Other Hand

Adverse opinion is no less definite. Those who oppose further federal insuring of modernization loans contend:

(1) New residential construction is now nearly double that of a year ago and the emergency that called for help from Washington is over.

(2) Enough momentum has been given to modernization and private industry can now take over.

(3) Many banks have discovered that this is sound, profitable business and will continue despite withdrawal of insurance. The financial mechanism has been established in most communities.

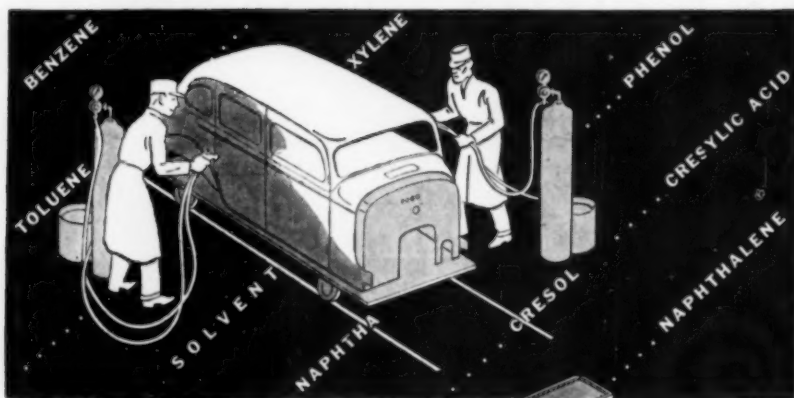
(4) Government efforts should be concentrated on new construction and the flow of long-term single-mortgage money.

In opposition, a large equipment manufacturer says, "The sooner the government can retire from the lending business the better for all concerned." This is the burden of most of the letters advocating the discontinuance of Title I. Many of the writers agree that the modernization program has stimulated business, but they believe that Washington should get out of business activities and reduce the federal expenses and that it is now safe to put this job up to private enterprise.

So little progress has been made by FHA in stimulating industrial modernization, as distinct from home improvement, that no one registers strong convictions either for or against continuing the help of Uncle Sam.

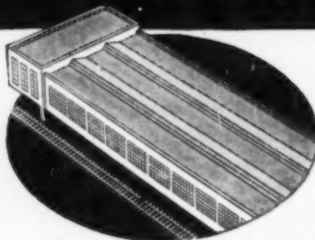
Manufacturers of domestic equipment, of course, hope that home modernizing will continue. But there is strong pressure in Washington to limit FHA's

KOPPERS AND THE Lacquer INDUSTRY



Koppers provides large quantities of raw materials for the manufacture of several of the synthetic resins used in lacquer formulation . . . solvents and diluents for use in lacquer manufacture . . . and raw materials for the production of special solvents, plasticizers and colors for lacquers.

KOPPERS PRODUCTS CO.
PITTSBURGH, PENNSYLVANIA



1. Tarmac for Roads 2. Roofing Materials 3. Waterproofing Materials 4. Bituminous Paints 5. Creosote for Wood Preservation 6. Light Oils 7. Tar Acids

modernization credit plan to structural improvements, if Title I is extended beyond Apr. 1. The move is blamed in part on overzealous sales promotion by many home appliance dealers. To curb this, FHA has required a 10% down payment on appliances, since Feb. 15 (BW—Feb 15 '36, p22).

Two Fights at Once

Philadelphia mayor sues traction and gas companies; wants lower rates and other things.

MAYOR S. DAVIS WILSON of Philadelphia has taken on two public utilities at the same time in a vigorous fight. He is suing Philadelphia Rapid Transit Co. and United Gas Improvement Co.

The Philadelphia Gas Works is owned by the city but operated by the U.G.I. on a 10-year contract, which expires next year. One of the mayor's campaign promises was 50-cent gas. He knew that many companies sell gas for house-heating at that price. So does U.G.I. in Philadelphia. The mayor wants 50-cent gas for all domestic uses. But the local rate is \$1 for small customers.

Recently the Philadelphia Gas Works had a big dinner to celebrate the 100th anniversary of gas service in the city. Mayor Wilson spoke.

The Mayor Tells 'Em

He told the gas men they had no right to buy some of their gas for 17 cents and sell it for \$1. He was going to sue 'em. He overlooked the cost of distribution and service, the gas men declared afterward.

The mayor has filed suit to recover \$12,741,457, of which he claims the city has been robbed by mismanagement. He has asked for an injunction restraining the defendants from operating the gas plant and for the dismissal of the Gas Commission. Pres. C. N. Lauer of the Gas Works and Pres. John Zimmerman of U.G.I. declare they welcome the suit.

As to the transit system, it has come into being through the mergers of 39 underlying companies in the past 60 years. Each merger increased the debt. Fixed charges run somewhere up near \$10,000,000 for a system grossing less than \$40,000,000 a year.

Further, the "Mitten management" mixed the mess up more by selling Transit stock to the employees and then persuading them to exchange it for securities in a holding company, the Mitten Bank Securities Corp., which now controls. The mayor has become the champion of the employees against the rich owners of securities in this concern. Also, he wants buses instead of railcars, and he wants more money for the use of the city-built Broad Street Subway by the street cars.

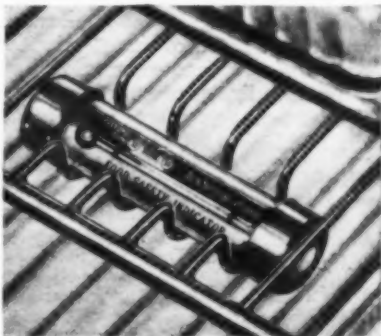
New Products

New things, new ideas, new designs, new packages, new manufacturing and marketing methods.

PROTECTIT is offered by the Colt's Patent Fire Arms Mfg. Co. as a new combination device for electric current control. It functions as a manually operated switch and has current overload protection.

A NEW illumination meter, announced by the Weston Electrical Instrument Co., operates by photoelectric cell, measures up to 250 footcandles, contains a metal scale for classifying light requirements, is of vest-pocket size, 2 3/8"x2 3/4", and sells at a popular price.

THE new line of Frigidaire electric refrigerators of the Frigidaire Division of General Motors Corp. comes equipped with a safety food indicator which operates like a thermometer and shows at



a glance whether temperature within the refrigerator is at freezing, within safe limits, or in the danger zone. It fits into a well of the top shelf, where it does not interfere with food storage and is readily removed for easy reading.

LAUNDRY starch, which has always been supplied in irregularly sized and shaped pieces, is now offered by the A. E. Staley Mfg. Co. in uniform cubes, which simplify the preparation of uniform solutions.

THE new Toolmaster, announced by the Dumore Co., is a lathe grinder that has a removable mounting post and a pivotally mounted motor, will do internal and external grinding jobs, and is supplied, complete with wheels and wrenches, in a steel carrying case.

BEARER PIPE TOOLS, INC. advertises a new machine which cuts, threads, reams, and chamfers pipe of 1/4" to 2" size, will operate geared tools to cut and thread 2 1/2" to 12" pipe, will cut off solid bars up to 1", and thread bolts or stayrods of 1/4" to 2" size. Steel, wrought iron, brass, copper, or cast-iron pipe can be worked on it.

PLASKON

ACCENT ON LIGHT

The Better Light-Better Sight Bureau and the Better Vision Institute are doing great work in teaching all of us to protect and improve our eyesight. Meanwhile, the lighting industry has turned to Molded Color for maximum light and soft, even diffusion of that light. The Plaskon reflector on the brand new Wakefield "Commodore" provides 83% of the output of the bare bulb without glare. Light meter tests show the unit to be one of the most satisfying ever produced.



WAKEFIELD "COMMODORE" LIGHTING UNIT

ACCENT ON WEIGHT

Complete with aluminum pendant, the "Commodore" weighs 3 1/2 lbs., or less than half the weight of comparable metal and glass fixtures. This is being capitalized in merchandising by using portable kits for effective demonstration at the point of sale. Breakage in shipping, installation and in operation is almost entirely eliminated. Plaskon's remarkably light weight is a safety feature in the event the light is ever disturbed or dropped during cleaning. The light weight also cuts shipping costs.

The 19-inch Wakefield reflector is molded in a few minutes, as are all Plaskon products. The molding of this reflector is done by the Plastics Department, General Electric. Its appearance means better work in schools and offices, stores and factories . . . means another improvement achieved by industry's use of Plaskon—Molded Color.

PLASKON is a urea formaldehyde plastic material. It is colorful, strong, corrosion-resistant, impervious to nearly all chemicals. It is molded easily into any shape, in any color (at present there are 7,282 shades). Become a free subscriber to the Plaskon Parade—a newsworthy, pictorial digest of plastics and Plaskon doings.



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Who's Who in New Housing

Working with steel, plastics, plywood, cement, gypsum, and many other materials, manufacturers ready new pre-fabricated parts for the housing market.

SCORES of companies are moving into the housing market. With them they are bringing materials and methods of using them new to construction.

A list of who's who in the new housing, in addition to those already identified (*BW—Feb 22 '36, p. 28*), must of necessity include those manufacturers who are developing parts and structures to fit into the prospective pattern of prefabrication.

Many companies are promoting systems of construction that employ steel members usually marketed by them as "parts" rather than assembled units.

Palmer Steel Buildings, Inc., of Los Angeles, furnishes sales and engineering service for Robertson Keystone cellular steel panels and floors. This product of the H. H. Robertson Co., of Pittsburgh, has been widely used for sub-flooring for several years.

The Stran-Steel Corp., of Detroit, a subsidiary of the Kelsey-Hayes Wheel Co., is doing an extensive business in the building field.

Others include Columbian Steel Tank Co., Kansas City; Metal Lath Manufacturers Association, Chicago; Martin-Parry Corp., York, Pa.; Edward G. Budd Manufacturing Co., and Ferrocon Corp., Philadelphia.

Many firms and individuals are actively engaged in research. A few have built experimental houses. The list includes Bemis Industries, Inc., Boston; McKay Engineering Co., Cleveland; Soule Steel Co., San Francisco; Steel Housing Corp., Chicago; Steelasco, of Orlando, Fla.; Variplan, Cincinnati; Novelle System, New York; Noah Brogden, Philadelphia; H. H. Keller, New York; Walter H. Stulen, Carnegie Institute; Pierce Foundation, New York; C. L. Van Ness, Akron; F. Malcolm Crowe, Burlingame, Calif.; Samuel R. Lindsey, Oakland, Calif.; and E. M. Winter, New York.

Jobs for Metals

Steel is commending itself for prefabrication of various degrees because of its obvious advantages in structural units. Various alloys and other products are demonstrating their utility in many ways, and aluminum and copper have been experimentally introduced as part of the structural enclosure.

In the aluminaire house built in Syosset, L. I., exterior walls of ribbed aluminum sheets are secured to a steel frame. Two copper houses have been built in Washington, D. C. by a Kennecott subsidiary in which prefabricated copper panels make the exterior facing.

Ready-cut woodframe houses have been on the market for years. Fabricated panels and wall sections have been largely used for portable buildings, but new technique has, until quite recently, neglected the use of wood.

The Hodgson Co., of Boston, and Louis Bossert & Sons, Inc., of Brooklyn, are projecting the prefabrication principle on a wide commercial scale.

The development of metal timber "connectors" is significant, and a broad opportunity for greater prefabrication is offered by thermo-setting synthetic resins in the manufacture of plywood and other forms of laminated construction that are durable and weather-resistant. Structural units of plywood glued to opposite sides of a wood frame utilize the "stressed covering" principle developed in airplane construction, and permit much lighter construction.

The U. S. Forest Products Laboratory, at Madison, Wis., has built experimental units in which glued-up wall sections are joined by splines. A similar method is employed by the Dally Construction & Engineering Co., of Seattle.

HOUSING-V

The house of the future may be a prefabricated structure, but that doesn't necessarily mean that it will be a complete packaged product, purchased from a single manufacturer ready for assembly *in toto*. It may be a unit composed of prefabricated parts, permitting a full range of choice in the selection of floors, casements, walls, etc. It is to the products of this type that the concluding chapter in *Business Week's* analysis of the housing problem is devoted.

Haskelite Manufacturing Corp., of Chicago, binds and stiffens a structural enclosure of plywood with strip steel channels and I-beams.

The Jasper Wood Products Co., of Jasper, Ind., is experimenting with plywood units that are bolted together, and Corwin Willson, of Flint, Mich., uses plywood over a wood frame designed to transmit loads to the corners of the building.

Pre-cast Concrete Units

Many systems have been developed for using pre-cast concrete units, most of which are aimed at reducing weight, a handicap to concrete in prefabrication. The Portland Cement Association is sponsoring a small-house design competition in which architects are at liberty to depart from familiar types of con-



START PUMPING—San Francisco (Mayor Rossi with shears; Leland Cutler, Mayor McCracken of Oakland, General Paul Malone assisting) snips the ribbon to open a path for work on the 1938 fair. The 322-acre site of the exposition which will celebrate completion of the great bay bridges is still under water (Mr. Cutler marks the spot) but dredging and pumping will take care of that.



struction. The association has compiled data on many systems.

Prominent in this field are the Dextone Co., New Haven; John J. Earley, Washington; Haco Construction, St. Louis; Insulrock, Buffalo; Makeco, San Antonio; Connecticut Precast Building Corp., Greenwich, Conn.; Hahn Concrete Lumber System, Decatur, Ill.; Ernest H. Lockwood, Pasadena; George Rackle & Sons Co., Cleveland; Arthur H. Olmsted, Rye, N. Y.; and Donald Underdown, Los Angeles.

The Goldsmith Metal Lath Co., Cincinnati, uses panels of metal lath secured to metal pans which act as forms for poured-in-place columns, beams, floor joists, and slabs.

Stone and Steel

Rostone, Inc., of Lafayette, Ind., employs a unit prefabricating system combining artificial stone wall slabs and steel track construction. In the Swan House, Inc., of Chicago, pre-cast reinforced stone sills are slotted for wall units.

The Keasby & Mattison Co., of Ambler, Pa., offer a complete assembly of factory-made units combining asbestos sheets with wood framing. The Rockwood Gypsum Lumber Corp., of New York, uses a pre-cast hollow cell in combination with stud reinforcing rods and concrete.

Gypsum, cement, tile, glass, asbestos, and other minerals, pulps, fibers, and veneers are available in many prefabricated units. Plastics such as Formica, Micarta, and Vinylite offer finishes which prefabricated construction peculiarly needs for eye-appeal.

Brick is striving for lighter construction without loss of strength, through the use of reinforcing rods in the joints. Holsman & Holsman, of Chicago, are experimenting with reinforced panels, one brick thick, precast on the site. In the system developed by Judson Vogdes, of Philadelphia, the bricks are laid up in the walls with rods in the joints.

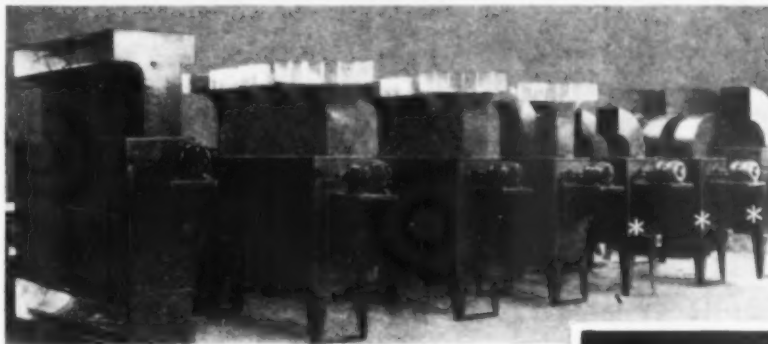
Small Home Boost

Government plans to insure 90% mortgages on new low-cost houses.

WASHINGTON (*Business Week Bureau*)—AN Administration program for stimulating private construction of homes up to \$5,000 by a series of amendments to the National Housing Act has been agreed upon and will be incorporated in a bill to be introduced by Sen. Wagner as soon as companion provisions for aiding local housing authorities to finance low-rent housing are completed.

Proposed amendments to the National Housing Act, as outlined in *Business Week*, Feb. 8, provide for FHA insurance of mortgage loans up to 90% of the appraised value of houses selling for not over \$5,000 and built during next year or 18 months. Under this plan, the

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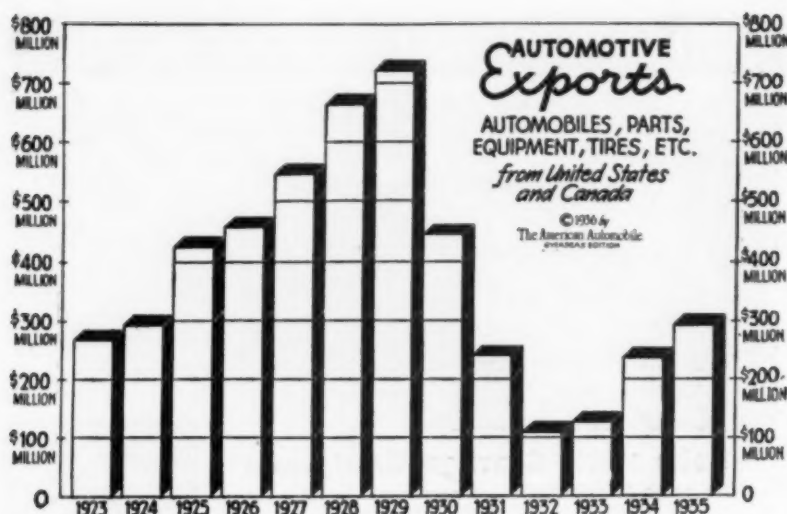
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(Books sent on approval in U. S. and Canada only.)



THE WORLD ON WHEELS—At the beginning of 1936, there were 37,275,264 automobiles, trucks, and buses on the highways of the world. Slightly more than five millions of them had been built in 1935, fewer than a million outside the United States and Canada. England and Germany were the largest producers outside this country; Germany pushed France into fourth place. Automotive exports from the United States and Canada were 20% above the 1934 total.

builder will stay on the contract until the mortgage is paid down to 75%. This is expected to assure sound construction. Out-of-pocket costs of the mortgagee in event of default before the mortgage is paid down to 75% will be covered by FHA debentures.

FHA mortgage insurance will be extended to include financing of large-scale subdivision developments either by national mortgage associations or, if necessary, by an RFC mortgage company, such developments to be covered by a blanket mortgage against which national mortgage associations will issue short-term debentures on the investment market. When houses in such subdivisions are completed and sold, regular lending institutions will take over mortgages on individual units. Unit cost would be limited to \$5,000 on single-family dwellings and to a comparable figure on multiple-family structures built for rental.

To induce lending institutions to make construction loans on small houses instead of waiting until construction is completed, FHA's commitment to insure the mortgage will take effect from the date construction begins.

A Real Financial Ad

Remington Rand goes a step farther than Morgan Stanley in abandoning usual timidity.

REMINGTON RAND, INC., made a new and different splash on the financial pages last week, when it advertised its prospective new issue of 20-year 4½% debentures in the greatest detail that a security advertisement has shown since

the Securities and Exchange Commission took charge of the security business.

In seven-column newspaper space, the company offered the new debentures first to holders of 5½% debentures (subject to required consent by present holders at a meeting called for Mar. 10) on a direct exchange basis, par for par. To sweeten the offer, the new 4½% debentures carry stock purchase warrants.

Old Holders Favored

If there is an unexchanged balance of the new issue, common stockholders are given a chance to take it, plus a block of \$2,547,000 of the issue especially for them. If there are still unwanted bonds, the remainder is to be offered to the public.

The refunding offer is the kind that SEC has said is all too rare, namely, that which gives old holders a crack at the new stuff before it is placed in the public market.

In addition, the advertising of it is more generous in descriptive matter than the financial community has been accustomed to. Morgan Stanley & Co. first broke away from the prevailing caution by expanding offering announcements to the point where they highlighted the main points of the issue.

The caution is natural. SEC must receive a copy of all new security advertisements, and if there are any errors or omissions of important information the road is open for civil suit later on by public buyers. Repeated assurances from SEC that the law is not as tough as it looks has loosened up advertising a little, but not much.

Remington Rand's willingness to take a chance interests the financial community as another notch in the right direction.

South of Rio Grande

Mining industry in Mexico runs up against strikes, backed by many pro-labor laws.

CAN I do business profitably in Mexico?

Executives in a good many lines of business are asking themselves this question. *Engineering and Mining Journal*, spokesman for American interests with the largest stake in Mexico, says it is possible, but it is difficult, because of mounting labor costs, incessant strikes, and other burdens resulting from the government's program of social reform.

Labor Law Demands

The answer is contained in Mexico's new labor law. Here are a few highlights of the demands which it makes on employers:

Give Mexicans the preference when employing workers; employ union labor in preference to nonunion workers; provide comfortable and hygienic living quarters for workers (at mine and drilling sites); establish elementary schools for the children of mine workers; provide quarters for union meetings; sign contracts with the local union covering wages, hours of work, the kind of work required, and the vacation periods allowed; "workers can be discharged only in strict accordance with the provisions of the national labor law."

Employers find that this last provision is the most annoying. All labor disputes are heard before a labor board composed of one worker, one representative of the employer, and one representative of the government. Since the government is invariably pro-labor, the board is prejudiced in favor of labor.

Strikes are an unusual source of worry in Mexico because each striker is entitled to full pay for the period of the strike, no matter how the dispute which caused the strike may ultimately be decided.

Employers are more or less helpless to deal with the situation if frank discussion of their problems with the government fails, for no company may shut down without government permission.

Raising the Standard

Labor, and Mexico's pro-labor government, are making rapid gains in their drive to improve the standard of living in Mexico. The average yearly income of miners increased nearly 40% last year, but workers even then were receiving only 1,685 pesos (the peso is worth about 28¢).

American interests with big investments in Mexico have reason to worry about the immediate future, for it will require skillful adjustment to meet the demands of the Mexicans. But manufacturers with modern machinery or mechanical household equipment to sell should benefit from the rising standard of living.

Business Abroad

Outcome of Japanese military and political crisis will determine Tokyo's future program in Asia and economic policies at home. Japan and Germany are capturing orders in China which United States and British firms formerly filled. Plan for Franco-Soviet military cooperation worries Germany.

THE Japanese government's prestige at home and abroad suffered this week when a small group of extreme militarists and ultra-nationalists in the army attempted to force a change in recent national policy by assassinating outstanding liberal leaders, seizing several government buildings, and precipitating a government crisis. Martial law was declared throughout Japan, markets closed, and business came to a virtual standstill in all of the leading commercial centers.

The attempted coup was precipitated by last week's general election in Japan, but the real causes go much further into the past.

Leaders Divided

There is an age-old respect for the warrior among the Nipponese. But after Japan was opened up to foreign trade, a group grew up within the country in favor of tempering military rule with such a parliamentary government as it now has.

This group and the army wing have clashed often in the past, with episodes similar to, but usually less serious than, the one in Tokyo this week.

Conflict between the two became a problem in 1931, when the militarists took things in their own hands, created a crisis in Manchuria, and then stepped in "to preserve Japan's interests." Since that time, the military group has staged its own battle in Shanghai, rounded out the large "independent" state of Manchukuo, and is now busy with a second

Japanese-controlled region in North China.

Recently, opposition to this extreme aggressiveness has been mounting in Tokyo. Finance ministers have protested the increasing defense budgets, mounting deficits, the growing difficulty of floating national loans, and the necessity of taking measures to maintain the yen at its present value.

Radicals Are Warned

Informed members of the foreign office have warned the country of the Soviet Union's rapid development as a military power, and of the danger of pushing Britain and the United States into cooperative action to protect their interests in China and southern Asia.

Finally, the business community has urged a more gradual expansion because of the huge cost and enormous problems of consolidating regions already acquired.

Last week's general election showed

Ship vs. Zeppelin

Germany will establish a fortnightly transatlantic airship service in May, using the new zeppelin, *Hindenburg*. Westbound crossing will require 60 hours; eastbound, 72 hours. Frankfurt-am-Main is the German terminal; Lakehurst the American. Fare is listed at 1,000 marks (after maiden flight), which is \$400 from New York, but only about \$270 in Germany where travel marks (page 38) can be used. Here's a general comparison of time and rates on the new *Hindenburg* and minimum cabin fares on crack transatlantic liners:

	Minimum Fare	Hours for Crossing
<i>Hindenburg</i>	\$270-400	60-72
<i>Normandie</i>	268	99 (1)
<i>Queen Mary</i>	268	.. (2)
<i>Bremen</i> (3)	287	110

(1) Record crossing. (2) Maiden voyage in May. (3) Germany's fastest liner.

that the public supported the more moderate policy. This week's events again demonstrated that the extremists in the army were unwilling to accept such a policy.

The army may now support the rebels and force Japan to accept a virtual military (Fascist) dictatorship; or, public opinion may force the army to accept the dictates of a cabinet in which even the military representatives are in sympathy with the liberals and the continuation of parliamentary government. It will be several weeks before even Japan can know with any certainty whether or not there has been a decisive victory for either side.

Common Aim in China

Whichever group comes out on top in Tokyo, Japan's aims in Asia will not change—but the methods of attaining them will be affected.

Japan is determined to maintain Manchukuo as a buffer state between Nippon's vulnerable island empire and the Soviet Union. North China must be a part of this scheme, though Japanese liberals would attempt to cultivate a friendly cooperation which the militarists denounce as impossible.

So long as the cabinet crisis continues in Japan, the threat to North China, and to Russia, is reduced to a minimum. If prolonged, China would probably grasp the opportunity to regain control at least over the new autonomous state in the north.

What It Means

If the militarists come out on top, the crisis in the Far East immediately becomes of major world importance, for they are ready to force Russia's hand and to push southward their penetration of China.

If the liberals win, tension throughout the Far East will be eased, the financial situation in Japan will be less



IT CAN HAPPEN HERE—British steel production set a new high record last month, is going forward toward a total which should surpass that of 1935, which in turn was greater than the output of 1929. Biggest factor in the upswing, say observers, is the widespread use of steel for houses and industrial buildings. The demand for scrap iron and steel is making a market for locomotives, outworn steel implements, anything which can be turned to profit in the new boom.

critical, the Soviets will be able to devote more attention to problems in Europe, and foreign business will run into less extreme national policies both in Japan and in the newly occupied territories on the mainland.

Great Britain

Retail business revives on announcement of curtailed royal mourning. British Industries Fair attracts record throngs.

LONDON (Cable)—Britain has paid the first instalment of the credit to France without upsetting the foreign exchanges, and is ready to believe now, with Paris, that the franc is safe until after the French general elections.

This news relieves business of some immediate anxieties. In addition, stock exchanges are unusually active, with aviation and armament shares the favorites with most of the buying public. Industry is encouraged by record attendance at both sections of the British Industries Fair in London and Birmingham, and with the volume of orders well ahead of last year.

Big Profit for Selfridge

Retail trade has already recovered from the slight relapse at the time of the royal funeral. Selfridge's, one of London's largest department stores, is reporting profits of £415,000, which is the best record in five years.

At the request of the new King, there will be no signs of mourning at the Ascot races. This is one of England's smartest society events and because the royal family has always attended, it was expected that the races would be a sombre affair this year. The announcement has already stimulated the dress and garment makers' trade, and will aid hotels and restaurants.

In addition, it is rumored in London now that the coronation of Edward VIII will take place late this year, with the new King later attending the Durbar in India. Both events will stimulate business.

Clever Chinese Got Dough

The sentences which have been imposed on the three prominent commodity brokers who tried to corner the pepper market last year, and failed, precipitating the collapse of several firms and causing a crisis in commodities, are generally approved in London. London's financial district looks with a touch of pride on justice which reaches even the wealthiest when they attempt to get away with even technical breaches of company law.

The public is getting its greatest laugh at the three great financiers trying to corner the pepper market, while a little group of unknown Chinamen poured out their supplies and took in the dough.

France

Parliament gives the cabinet full powers to negotiate tariff changes. New clearing agreement with Rumania thaws \$9,000,000 of French credits, assures French industries new armament orders.

PARIS (Wireless)—Highlight of the week is the continuing negotiations with the Soviet Union for a pact which will assure Moscow of French support in case Russia is attacked by Germany. It is expected now that the pact will be ratified by Paris this week. It is aimed not at the encirclement of Germany but to give Russia some assurance of assistance if attacked in Europe while she may be engaged in a conflict on her Pacific borders.

Parliament is expected now to wind up its present session by Mar. 13. The date for the general election has not yet been set.

Agricultural prices are extremely firm. Wheat prices are more than double the low figure of last summer and wine is 50% above the low.

The Chamber has voted a bill giving the cabinet full powers to alter tariff rates by decree for the next 12 months. This should speed up trade negotiations with many countries.

The government has issued a decree suppressing import quotas on such articles as metal furniture, cardboard, and cardboard goods.

Franco-American trade negotiations were resumed in Paris Wednesday. They have been delayed by the change of government in France and by some difficulty in extending to the United States the most-favored-nation clause which is not customarily a part of French reciprocal trade policy.

France and Rumania have completed a new clearing pact by which France agrees to buy up to 250,000 tons of Rumanian oil a year in return for Rumania's release of nearly \$9,000,000 of frozen French credits. There is a rumor about a secret clause in the treaty pledging Rumania to buy all armaments in France, French industry being assured of prompt payment by means of the new clearing agreement.

Germany

Europe's rearmament and new alliances worry Berlin. Travel marks will cost more. Only one toothbrush for every two Germans.

BERLIN (Cable)—The prospect that France will conclude the Franco-Soviet pact this week, and the new move by Czechoslovakia to build up an economic bloc among the states in the Danube valley which would be apt to check German business expansion in this region,



WE SOLD MACHINES—and Russia put them to work, turning out electrical appliances for household use. Now the Soviets are selling thousands of irons, electric lights, radios, and other household luxuries.

overshadow Germany's worries over domestic business. There is no encouragement in the prospect of an alliance with Italy. With Italian finances in a condition only a little less strained than the German, and Mussolini's personal position greatly weakened at home, Berlin would have little to gain from such a pact.

Travel Marks

German marks are nominally worth about 40¢. Actually, most business with Germany in recent years has been transacted in blocked marks, which could be bought for about 25¢. Tourists have found travel in Germany inexpensive in the past two summers because they have been able to buy large quantities of these marks at a discount of 40% or 50%.

The reason Germany's money is at a discount abroad is that Germany owes vast sums to foreigners, has little gold to spare for payment, and buys so much armament material that it has been unable to raise a surplus from exports to meet the old obligations. Creditors, eager to get something out of the Reich, have offered to sell their marks at a discount to anyone wanting them.

When these creditors got together in Berlin recently to extend for one year their annual agreement covering the liquidation of old debts, they decided that the demand for blocked marks for travel purposes was so great that they

would establish a special "travel mark." The normal demand has been accentuated by the rush of tourists and participants to the Olympic games, and it is expected that the price for these marks can be boosted above the 25¢ level around which they have hovered for so long. Each time the price rises 1%, American creditors get \$1,500,000 more on debts owing from Germany.

Germany Needs Toothbrushes

Market analyses are in great vogue with German business at present. The Leo Werke, leading manufacturer of tooth-paste and other hygienic and cosmetic articles, has just completed a survey of the number of Germans who use tooth-brushes. Questionnaires were sent to 12,355 families in various social strata.

Results were startling. They revealed that, out of every 100 adults and children over 4 years, only 41.6% possess their own toothbrushes. Nearly 10% use "family toothbrushes." And 48.8% do not use any toothbrush at all. Toothbrush and tooth-paste manufacturers discovered they have a huge potential market right at home.

Labor Camp Lessons

Incidentally, conscription and labor camps may help them to develop this market by educating the younger generation in hygiene. The following story—it is authentic—is a sidelight on the market analysis of the Leo Werke.

In a labor service camp, tubes with tooth-paste were distributed to all newcomers. A young lad from the Bavarian mountains had never in his life seen such a thing before, and insisted on spreading the paste on his bread for breakfast until some of his companions explained its use to him.

Canada

Canadians want no more "new dealing." Ontario prepares for a provincial income tax.

OTTAWA—The present Mackenzie King government is pledged to nationalize the Bank of Canada, and will proceed with plans to carry out this project, but this is no indication that the government wishes to get control of credit with the idea of developing an inflationary program. Finance Minister Charles Dunning and other cabinet members have made this clear in resisting in the House of Commons a proposal from the Cooperative Commonwealth Federation representatives for pensioning all persons over 60 at \$50 a month and financing the cost by the issue of new money. He figured the cost of the project would be \$500,000,000, and promptly vetoed it.

New Deal Is Out

New Dealing is definitely out in Canada. Dunning's concern is to come as close to balancing the budget next fiscal year as possible. Prime Minister King says he cannot even determine what he will do about unemployment until his government has totaled up the financial commitments left by the previous government. It is likely that the government will repeal a measure passed last year creating an economic council to advise the government on economic and social matters.

Ontario's new provincial income tax is practically through the legislature. In the past, there was no provincial tax. A few cities had their own income taxes, but the wealthy often escaped these by living in the suburbs.

The new tax, when passed, will become a provincial tax, levied on all residents, and collected by the federal government with income tax machinery already established. The provincial tax will be one-half the rate levied by the federal government, and should produce about \$15,000,000, a part of which will be returned to individual cities.

Sign of recovery noted this week: \$8,000,000 increase in Ontario's drink bill for five months, compared with the same period a year ago.

Far East

Germany surpasses Britain as a supplier to the Chinese market. Japan spreads control in China, but opposition is mounting.

MOST significant development in the Far East this week is the military and political crisis in Japan (page 37).

Germany and Japan are squeezing the United States and Great Britain out of the China market. Marine Customs statistics just released by China show that Germans last year for the first time in history sold more goods to China than the British did. Figures showing the per cent of China's imports supplied by the leaders tell the story:

	1935	1934
	%	%
United States	18.9	26.2
Japan	15	12.5
Great Britain	10.5	12
Germany	11	9

Responsible American business leaders, arriving from Peiping this week, declare Japan's plans for the creation last fall of a large autonomous area in North China were quickly revamped when it was realized how extensively local Chinese opposition would develop, and how rapidly.

Continued aggression by Japan has unified rival Chinese factions to the point where they may attempt armed opposition in the next few months if Japan attempts to move into Peiping or occupy Shantung province.

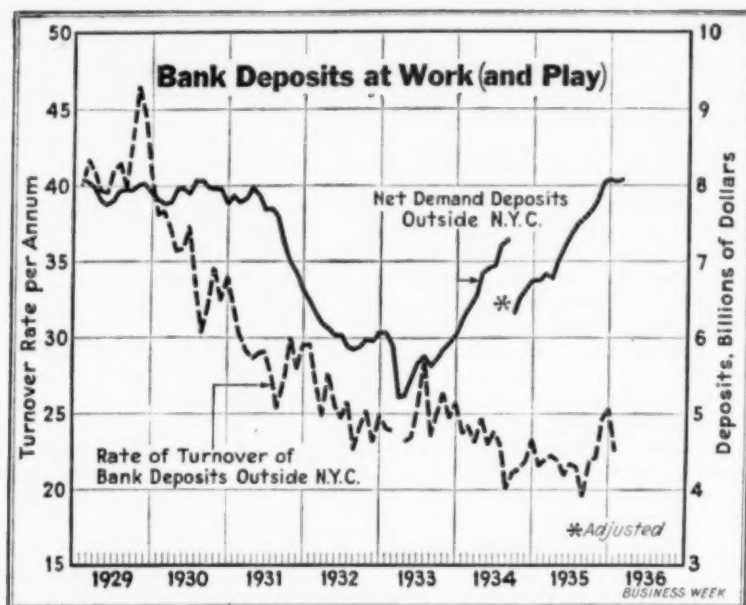
Any outbreak of large scale hostilities between Japan and the Soviet Union would be seized immediately by the Chinese as an opportunity to regain control over Manchuria and Jehol.

Japan Controls Customs

Japan is rapidly gaining control of the customs offices in North China—and the revenues. The highest foreign customs official is already a Japanese. Only the Administrative Commissioner of Customs (who is a Chinese) ranks above him, and this commissioner has already been commanded by the new autonomous government to hand over a considerable portion of the Tientsin revenues—richest in the north.



LEARNING COMES TO THE OIROTS—Part of Russia's vast trade empire is Oirotia, in the southeastern corner of western Siberia. The Oirots formerly were 94% illiterate, had little contact with the outside world, but under an autonomous government since 1923 they have begun to read and to build a communal life. These fur trappers, visiting the Ongudaik trading post, relax after business with newspapers or a game of checkers, while they listen to their radio.



Significant Tax Changes

New bill is comparatively harmless, to avoid angering voters in election year. Experts urge administrative changes to end injustice in present law.

AFRAID to send the voters' blood-pressure up too high, the Administration and Congress are turning out an election-year tax bill that is as inoffensive as possible. The bill has done little to disturb business, except in those producing and processing lines that will pay taxes to replace processing taxes.

Otherwise business interest in the bill is centered on the significant changes it may make in the administrative features of the last couple of tax laws. Tax experts in and out of Washington are proposing redrafts of hastily drawn passages in the 1934 and 1935 laws, merely to make them tax as they were intended to do.

Among notable instances of ambiguities cited by corporation lawyers is the section of the 1935 law intended to encourage liquidation of holding-company subsidiaries by freeing internal reorganizations from taxes on capital gains.

A Cause of Injustice

This section is said to work out inequitably to the government in some cases and to corporations in others.

As generally interpreted, the section permits, in some cases, an increase in the basis for depreciation deductions from future income-tax returns. In others, however, it requires write-downs on liquid assets in such a way that subsequent realization in excess of book-value creates an additional income-tax liability.

Another example is the provision for taxing personal holding companies. This was written into the 1934 law with so broad a definition of personal holding companies that some operating companies are threatened with surtax penalties.

The Household Finance Corp., a rather closely held concern deriving its

revenue from interest on small loans, seemed so plainly included in the definition that its directors distributed 80% of last year's income as dividends to avoid running afoul of the law (BW—Nov. 16 '35, p. 41).

Sec. Wallace's crusade against the "legal stealth" of impounded and unpaid processing taxes is behind the endeavor to get that money into the Treasury.

Salt Rubbed Into Wounds

Most of the processors, faced with a multiplicity of suits and a loss of customer good will, say their recovery of the taxes isn't worth the grief involved. But into their wounds, Sec. Wallace this week rubbed another salty statement on the "outright gift of public money to a group that is not entitled to it."

He lumped the "gift" at \$300,000,000, made up of the \$180,000,000 impounded by courts and another \$120,000,000 of delinquent payments. Breaking down the total among the three main beneficiaries—cotton, wheat, and pork processors—he contrasted tax recoveries with earnings over the past several years.

For instance, cotton manufacturers had tax refunds of \$97,000,000, almost three times their average annual profits from 1927 to 1929.

Flour mills, in line for \$80,000,000, were said to have had annual earnings averaging only \$34,000,000 in the same pre-depression years.

The meat packers' \$98,000,000 refund would exceed four times the 1927-29 average earnings, he said.

Murchison Answers Wallace

Spokesmen for the packers and millers refused official reply to this new broadcast, but Dr. Claudius T. Murchison, president of the Cotton-Textile Institute, offered revisions of the cotton figures.

He first cut down the \$97,000,000 to \$57,000,000 to allow for the \$40,000,000 liability assumed by cotton mills under contracts providing for rebates to customers if the taxes were invalidated.

Other offsets will prevent the majority of mills from retaining any profit from refunds, he said. The fortunate few who can do so are mills which were among the first to discontinue payments and which also had light inventories when the taxes were killed last January.

Among the other offsets are: inventory losses when prices of all yarns and fabrics held by mills and distributors decreased by as much as the tax; similar losses on all goods in process; the markdowns required of processors making colored goods, who, because of their long process, paid the tax months before; and the commitment by mills to guarantee customers against losses on their inventories.

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Money and the Markets

FINANCING was the mainspring of discussion in money circles this week. First Sec. Morgenthau tipped off some details of Treasury financing, then private financing swooped into the news with big deals on the market and in the Securities and Exchange Commission's registration files.

The Treasury is putting its house in order for the soldiers' bonus, according to Mr. Morgenthau. It is a big house, and by the time the rugs get straightened and the chairs dusted, the financing operation may involve \$1,800,000,000.

Treasury notes of \$559,000,000 maturing Apr. 15 will be refunded. In addition Mr. Morgenthau will sell \$1,250,000,000 of new securities. Only \$800,000,000 will represent brand-new money, however, since the Treasury bills maturing Mar. 16 will be redeemed with \$450,000,000.

Billholders will get no conversion rights for new securities. The secretary said it was not good fiscal policy to offer such rights on bills. Thus he squelched the speculators who had early in the week run the March as well as later maturity bills up to moderate premiums based on the hope that once again, as happened in 1932, holders of bills would be allowed to squeeze in on conversion privileges.

Meanwhile, in the private financing markets, underwriters were laying New York Edison's \$55,000,000 issue on the public table, and SEC was doing a big business at the registration window, particularly with Jones & Laughlin Steel, which filed a \$40,000,000 issue, of which \$31,500,000 is for new construction—the highest new construction amount in SEC's history. Youngstown Sheet & Tube was studying up on a project to refund \$85,000,000 outstanding first mortgage 5s.

While the bond people were concerned with the plans Morgenthau has under his hat, the stock trade was busily

reading the new draft of a bill on unlisted security trading introduced by Securities and Exchange Commission Chairman Landis. The bill, designed to extend SEC's control of over-the-counter securities, was described by Landis as merely a step in a program that should rightfully be five or ten years in the making. It accompanied a bill extending the deadline on unlisted trading on exchanges, which is conceded to be a necessary action.

The requested legislation would legalize rules and regulations which SEC has already drawn up for over-the-counter regulation. It would place responsibility for proper disclosures of information upon issuers of over-the-counter securities, rather than on dealers, would make workable SEC's present overlarge task of regulating such securities, and operate as one of the persuasive factors by which SEC hopes to move security trading eventually onto the exchanges.

Quiet Days

The stock market got off on the wrong foot this week and by midweek had lost about two weeks' prior progress. The financial trade glibly ascribed the reaction to technical corrective forces. Where that answer would not satisfy the customers, the trade mentioned the marked cessation of inflationary news from Washington, the Japanese disturbance, and tax talk.

These answers did well enough, although tax threats are not the same thing as tax laws, which are likely to be minor ones. Also it is not quite

startling to find inflation under a quietus at a time when the Treasury is about to peddle some of its high-grade wares.

It is not likely that selling by foreign holders of American securities attained any marked proportions during the week. On the contrary, it is pretty well conceded that foreign buying is still flush, that foreigners, particularly those whose exchange is unhampered, continue to look upon American investment markets with favor. A recent dispatch from the Netherlands said that for three months up to the end of January the Dutch had bought about \$27,000,000 of American securities.

The bond market, milder in its reflexes, was placid compared with stocks. Second grade railroad issues were the conspicuous exception, and displayed definite signs of weariness.

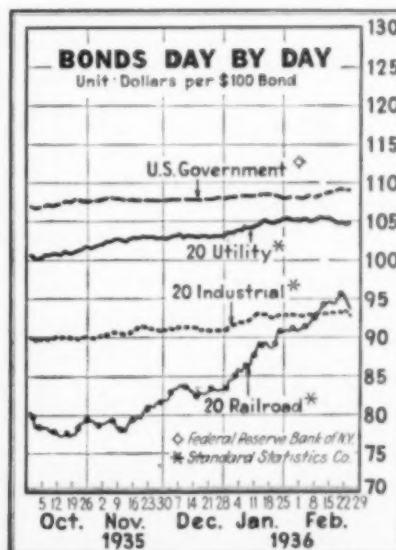
Nitrates Going Up

Star performers for the week in commodities were nitrogen products, zinc, and lead. Price advances occurring in each of these were the result of definitely better business. In nitrates the usual season for price jumps is still four months distant, but important pressure is unexpectedly apparent from buyers. The fertilizer trade is pleased, since the increases will have a tendency to smooth out a current price fuss among fertilizer people.

The burst of buying in the metals was a general one. Galvanizers and brass fabricators turned up with some overdue buying in zinc, and buyers in lead even included some cable people who are presumed to reflect strengthening demand from the public utility trade.

Scared Grains Relax

Grain markets tasted first fruits of the crop scare season this week, and as is usual with prematurely-picked things they were not satisfying. A dust storm in the Southwest provided the scare news, but when Kansas reported that the



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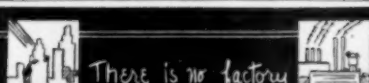
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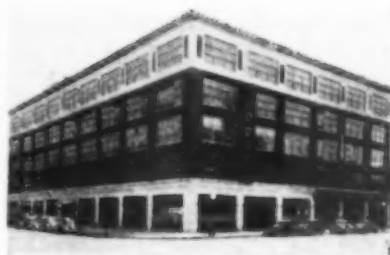
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For Itself in Less Than
Three Heating Seasons

Steam Consumption Cut 29.8 P. C.

Indianapolis, Ind.—The entire cost of modernizing the heating system in the Gibson Building, a five-story Indianapolis garage, was written off in less than three heating seasons.

A Webster Heating Modernization Program that cut steam consumption approximately one-third was responsible for this remarkable savings record.

When officers of the Gibson Company authorized installation of the Webster Moderator System in the fall of 1933, estimates indicated that the new system would pay for itself in about three years.

The system was placed in operation on the first of November, 1933. Total monthly savings for the first year, as compared with steam bills for three previous seasons and corrected for degree day differences, were as follows: November, \$104.85; December, \$268.08; January, \$232.20; February, \$464.10; March, \$436.35; April, \$113.75; May, \$66.95.

The first seven months of the 1934-35 season saw the remainder of the modernization cost liquidated. Monthly savings were as follows: October, \$51.35; November, \$54.60; December, \$241.15; January, \$273.00; February, \$334.10; March, \$171.43; April, \$98.80.

These substantial steam savings have continued month after month. There is no "starving" of the heating system to get results. On the contrary, heating service is improved with the Webster Moderator System. Radiators heat evenly and rapidly. A Webster outdoor thermostat adjusts the supply of steam with every change in outdoor temperature.

Hayes Brothers, Inc., of Indianapolis, acted as modernization heating contractors. The installation contains 16,392 square feet of installed direct radiation.

The Gibson Building is one of many Indianapolis buildings using Webster Systems of Steam Heating. Others include the Bankers Trust Building, the Occidental Building, the Merchants National Bank, the L. S. Ayres Department Store and the W. H. Block Department Store.

If you are interested in (1) improved heating service and (2) lower heating cost in your building, address

WARREN WEBSTER & CO., Camden, N. J.
Pioneers of the Vacuum System of Steam Heating
Branches in 66 principal U. S. Cities—Estab. 1883

FEBRUARY 29, 1936

Avoiding the Steep Place

There is a blunt line in Scripture about a fool who returns to his folly. We might be tempted to quote it if there were not another line which, if we remember rightly, declares that anyone who says "Thou fool" to his neighbor is behaving presumptuously and puts himself in danger of hellfire. However, while confessing an aversion to that penalty, we are willing to take what risk is involved in a few mild remarks on a certain sort of conduct that is growing more common every day but not more wise.

At the dinner table the conversation takes you back at a jump to 1929. Seven years are erased and once again a multitude are rushing into the market, like the Gadarene swine running down the steep place. (We seem unable to get away from Biblical citation today.) On the suburban train in the morning there is usually a passenger who talks so loudly of what he is doing in the market that the whole car has to hear him. Going up in your building elevator, you are asked what you know about this stock or that one. If there is a news or stock ticker in your office, chances are you will find some visiting salesman parked beside it.

This speculative fever is a symptom of recovery, but it is not altogether spontaneous. It arises in part from stimulation by market interests. The other day Chairman Landis of the Securities and Exchange Commission enumerated several practices that should be discouraged. "These things," he said, "are the way of life that we condemned in the early '30s." But wisely he added, "To harry them out of existence by legislative fiat is impossible."

However, something can be done to minimize them, and that is the object of SEC's proposed amendments to the Securities Exchange Act. What it is mainly attempting is to make its control of the unlisted and over-the-counter markets effective, and gradually to push and coax an increasing number of securities from over-the-counter trading to the unlisted department of security exchanges, where they will have regular published quotations, and thence to the listed department, where the regulation of securities is strictest.

It is a very delicate task, affecting the livelihood of all sorts of trading groups, from investment bankers to

exchange members, and SEC wants to adjust their interests so that nobody shall be harmed and the investor shall receive an ever increasing flow of information.

Nor is SEC the only organization trying to discourage excessive speculation and protect the investor. The New York Stock Exchange is improving the quality of customers' men, doing something to increase their salaries, and encouraging them to consider securities from the investment rather than the speculative viewpoint.

Moreover, the Federal Reserve Board has acted effectively by increasing the margin requirements on brokers' loans from 45% to 55%. It appears ready to make further increases if necessary.

All these efforts provide reason for hoping that the speculative folly of 1929 will not be repeated in its full extravagance.

Paving the Way For Government Ownership

There is a clear reason why all business should oppose three bills that have been introduced in Congress at the desire of the railroad unions.

The bills would add several hundred million dollars annually to the cost of operating the railroads; in a normal year the additional cost would be a billion. It would consequently be harder than ever for the railroads to pay their way; and hence we should probably get government ownership. From this it would be a step to government ownership of some other industries.

Thus the railroads constitute the first line of defense against state socialism. Everything practicable should be done to strengthen them. Legislation to increase their expenses should be opposed.

One of the pending bills will probably not pass, its very name being

against it. This is the Six-Hour Day Bill. Most members of Congress, despite the pressure of organized labor, would hesitate to defend themselves in their constituencies after supporting a bill with such a title. The bill does not really reduce the working-day to six hours; it would pay a full day's pay for six hours' work, and everything above that would be overtime.

The second bill would limit the size of freight trains, so that more trains would be required, and therefore more men; and the third would force the railroads to add more men to the crews of certain trains. Since all three of these bills would vastly increase the expense of railroad operation and the likelihood of government ownership, they should be vigorously fought by a united business community.

Bankers as the Villain In the World's Affairs

South Trimble is an aged gentleman whose name creeps into the newspapers occasionally because he is clerk of the House of Representatives. Early in the century he was a member of the House, and after he had become a lame duck he was given the clerkship whenever the Democrats won a majority. A few days ago he emerged from his usual obscurity by publishing a most unusual open letter, addressed to two leaders of the business community.

Mr. Trimble asks them who is responsible for the depression. He then answers the question himself. The villains are "the international bankers, with headquarters in London, operating in this country through emissaries and their satellites, principally the bankers." In other words, American bankers are part of an international ring, dominating industry, commerce, and agriculture, and playing the devil with them all.

A great many people besides Mr. Trimble cherish this curious notion. They do not pause to reflect that bank officers are merely the servants of their stockholders, and that the directorates of most large banks are jammed with industrialists and merchants, who, in this way, are themselves bankers, and hence their own worst enemies, according to Mr. Trimble's theory.

Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd St., New York. Tel. MEdallion 3-0700. Price 20¢. Subscription: \$5.00 a year, \$10 for three years, U. S. A., possessions, and Canada. Other foreign, \$7.50. Cable Code, McGrawhill

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